

LOMBARD

Chickens, eggs and profits

BY ANTHONY HARRIS

PROFESSIONAL WARNING: hot money can severely damage your profits. That was the basic theme in the two most interesting speeches made to the Society of Business Economists at their thoroughly gloomy annual conference this week...

Nightmares

The responsibility of the U.S. is not, however, the only factor missing from the argument. A strong currency not only compresses profits, but it also reduces inflation...

Whipping-boy

The unions are always a handy whipping-boy, of course, but it is surely not entirely fair to blame them for failing to respond to a situation which is not their normal business to understand...

AROUND BRITAIN

A ring of independence in Hull

BY JOHN LLOYD

Hull Telephones is the only telephone network in the country which is not controlled by the Post Office. It is controlled by Hull City Council...

Full of praise

Mr. Matthews would seem to have little cause for concern. The Post Office officials are believed to have discovered that Hull standards are as high as those of their own employers...

Parkhill—horse for course

WEST COUNTRY racegoers can expect a fine afternoon's sport at Cheltenham today because, in addition to the Tony Teacher Chase, which has attracted such notable performers as Royal Marshal II and Broncho II...

RACING

BY DOMINIC WIGAN

has had the final of today's races as one of his long-term targets since plans for him were revised last year. Parkhill, off the course during the second half of last season...

They didn't let any prejudices they might have had get in the way of what they saw. It was a pleasure to work with them.

For all that, there are few signs of self-congratulation. Rather, there is an air of apprehension. Renewal of the licence is not an end in itself. The reason for the much more careful examination by the Post Office is that there are now many more questions to be answered about the system's continued viability than there were before.

Hull Telephones exists in an atmosphere less amenable to its continued existence than at any time since the city fathers struggled to retain its independence in the early years of the century.

First, the Post Office Engineering Union does not share the view that Hull's municipal telephone system is progressive. A recent issue of the union journal carried a piece which was critical, in an oblique way, of the Hull network.

Pretty pictures sell well

SOTHEBY'S CONCLUDED its winter Impressionist and Modern paintings week with a sale of less important works which totalled £804,585, with 16 per cent bought in.

SALEROOM

BY ANTHONY THORNTON

mediate step between generations of telephone exchanges.

But the fully electronic digital switching and transmission system—known as "System X"—has yet to be developed. When it is, the initial cost will be very high.

No problems

There are no problems in this area at the moment; but there may be in the foreseeable future. Hull still runs largely on an electro-mechanical system known as "Strowger", together with some crossbar equipment.

TV Radio

BBC 1
12.45 p.m. News, Weather, 1.00 Pebble Mill, 1.45 Barnaby, 3.00 Popol y Cwm, 3.55 Regional News for England (except London), 4.30 Play School, 4.50 Huckleberry Hound, 4.55 Jubilee Jackanory, 4.40 Plum's Plots and Plans, 5.10 Countdown, 5.15 Eisteddfod, 5.35 Ivor the Engine, 5.40 News, Weather, 5.55 Nationwide (London and South-East only), 6.20 Nationwide, Sportswide, 7.00 Buns Bunty, 7.15 Sherlock Holmes: "The Scarlet Claw," starring Basil Rathbone, 8.30 The Other One, 9.00 News, Weather, 9.25 Cannon, 9.35 Tonight, 10.45 Regional News (except London), 10.46 Film: Assignment K, starring Michael Redgrave, 12.19 a.m. Weather, All Regions as BBC 1 except at the following times: Wales—1.45-2.00 p.m. Sioncyf Sboncyf, 5.55-6.20 Wales Today, 7.00-7.25 Reddih, 7.25-7.30 Buns Bunty, 7.30-8.00 Discoverers, 8.00-8.30 In 'n' Out, Half Hour, 10.15-10.45 Kane on Friday, 10.45-10.46 News for Wales, 10.46-12.01 a.m. Sherlock Holmes: "The Scarlet Claw," 12.01 a.m. Weather, Scotland—5.55-6.20 p.m. Reporting Scotland, 8.30-9.00 Current Account, 10.15-10.45 Spectrum, 10.45-10.46 News for Scotland, 12.19 a.m. Weather, Northern Ireland—3.53-3.55 p.m. Northern Ireland News, 5.55-6.20 Scene Around Six, 10.15-10.45 Ireland News, 12.19 a.m. Weather, England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); South Today (Southampton); Spotlight South-West (Plymouth), 10.15-10.45 East (Norwich) Dougal, Naturally; Midlands (Birmingham) Mike's Work; North (Leeds) Politics North; North-East (Newcastle) Life Neville; North-West (Manchester) Home Ground; South (Southampton) It's Your Bid; South-West (Plymouth) Panmsia; West (Bristol) Showbiz Blast, 12.19 a.m. Muppet Show, 2.30-3.00 The Land, 3.30-3.45 General Hospital, 3.50-4.00 Survival Special, 4.00-4.10 News, 4.10-4.15 Police 5, 4.10-4.15 Russell Harty, 4.15-4.30 Upstairs, Downstairs, 4.30-4.45 Out of Town, 4.45-4.55 News, 4.55-5.00 All IRA Regions as London except at the following times: 4.55-5.00 Here Comes the Future, 4.55-5.00 News, 5.00-5.05 The Land, 5.05-5.10 News, 5.10-5.15 The Land, 5.15-5.20 News, 5.20-5.25 The Land, 5.25-5.30 News, 5.30-5.35 The Land, 5.35-5.40 News, 5.40-5.45 The Land, 5.45-5.50 News, 5.50-5.55 The Land, 5.55-6.00 News, 6.00-6.05 The Land, 6.05-6.10 News, 6.10-6.15 The Land, 6.15-6.20 News, 6.20-6.25 The Land, 6.25-6.30 News, 6.30-6.35 The Land, 6.35-6.40 News, 6.40-6.45 The Land, 6.45-6.50 News, 6.50-6.55 The Land, 6.55-7.00 News, 7.00-7.05 The Land, 7.05-7.10 News, 7.10-7.15 The Land, 7.15-7.20 News, 7.20-7.25 The Land, 7.25-7.30 News, 7.30-7.35 The Land, 7.35-7.40 News, 7.40-7.45 The Land, 7.45-7.50 News, 7.50-7.55 The Land, 7.55-8.00 News, 8.00-8.05 The Land, 8.05-8.10 News, 8.10-8.15 The Land, 8.15-8.20 News, 8.20-8.25 The Land, 8.25-8.30 News, 8.30-8.35 The Land, 8.35-8.40 News, 8.40-8.45 The Land, 8.45-8.50 News, 8.50-8.55 The Land, 8.55-9.00 News, 9.00-9.05 The Land, 9.05-9.10 News, 9.10-9.15 The Land, 9.15-9.20 News, 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Cinema

Carry on London by NIGEL ANDREWS

London Film Festival... The 21st London Film Festival...

More about 'Wenders'... The American Friend and Herzog's Stroszek...

Even put on display this year... a distinctly shaky selection of British films...

offerings by their lightning-flash... not some gallant exhibitor...



Lari Doghmi and Ahmed Snoussi in 'Hyena's Sun'

31-hour film made for German TV... Tarzan's mate. She lives surrounded by potted palms...

Two new films from India lent the festival a leisurely distinction... Leisurely is certainly the word...

describes the injurious effects of the tourist centre in carted off to jail, and the women washing clothes in their customary spot...

not some gallant exhibitor... offerings by their lightning-flash...

The story is well told, skilfully directed and eloquently photographed... But the film is finally hamstrung...

Shafesbury Drake's Dream by B. A. YOUNG



Paul Jones and Caro Gurney

Drake's Dream is a pantomime... with book by Simon Brett and songs by Lynne and Richard Riley...

Indian Ocean and almost have to jettison their boat; but in the end they come home to a joyful reception...

Most of the company play several parts; I even thought I recognised Queen Elizabeth among the crew of the Golden Hinde...

Festival Hall

Die Jakobsleiter

or all one's grateful admiration... mostly, but not entirely in a recent year to educate...

Coliseum

Dalibor by MAX LÖPERT



Malcolm Rivers and John Mitchinson

As if to answer fears that Dalibor is essentially a "Festival opera" and thus unlikely to attract...

same time so perceptively applied to his opera... full tones, and an appreciation of the plangent, minor-key...

I had not seen it before, and note that things complained of last year, producer's embellishment...

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IBM sponsor 'Mayerling' The Royal Opera House is pleased to announce that IBM United Kingdom Limited is sponsoring...

J. SMART & CO. (CONTRACTORS) LIMITED

Annual General Meeting was held in Edinburgh on 8th December... The following is the circulated review of Mr. J. Smart, Chairman and Managing Director...

John Whiting Award

The Arts Council has presented the John Whiting Award for 1976 to David Lan for his play Winter Dancers...

Royal Ballet School Gala

The Royal Ballet School is presenting a special Gala performance of the film The Children of Theatre Street on January 10, 1978...

Now, a Daiwa Bank in Houston.



A new representative office of Daiwa Bank is now open in Houston. We're one of Japan's largest banks with 149 full-service branches from Hokkaido to Kyushu...

ANDREOTTI AND THE COMMUNISTS

Weighing the price of a stiff budget

BY DOMINICK J. COYLE IN ROME

ITALY'S undertakings given to a fairytale which, it now appears the International Monetary Fund...

The upper limit on next year's budget deficit now comes out close to L30,000bn., rather than the L14,450bn. projected in the budget

over the week-end, and it is not impossible—although still marginally less likely—that the budget talks could be deadlocked...

Two years ago the Socialist Party (PSI), displaying what it no doubt considered to be more political acumen than seasonal goodwill...

There are, of course, differences. The PSI then was part of the Government as it turned out the last of the series of Centre-Left administrations...

Now it is essentially the Communists who are providing support and they in turn are becoming frustrated over their inability to influence materially the policies of the 17-month-old Government...

Test case

This informal arrangement, entered into after much preliminary discussion last July, provides that the Andreotti Government shall consult with the five opposition parties prior to presenting major pieces of legislation or announcing significant administrative measures...

A draft budget for next year has already been tabled in Parliament but no one takes very seriously, least of all the Communists, rushed in to meet a constitutional deadline of September 30, the outline budget...

Union fires opening shot in W. German pay round

BY ADRIAN DICKS

BONN, Dec. 8.

INDUSTRIE-GEWERKSCHAFT Metall, the huge union that represents West German workers in the steel, engineering, motor manufacturing and other metal trades, launched its 1978 wage round today with an 8 per cent. average claim for some 800,000 members in South-West Germany.

The IG-Metall leaders are well aware that this opener, as it must be considered, will bring down on the union yet another barrage of criticism. Most independent economic commentators have urged wage restraint as the only way in which West Germany can hope next year to offset the low level of business confidence and the increasingly alarming effects on export prospects of the remarkable rise of the Deutschmark.

It is unlikely therefore, that the employers will offer much more than half what the union is asking. Not only are they being urged by the experts to limit an average national wage increase in the 3.5-4 per cent range in the national interest, they are also claiming that following poor profit performance in 1977, 1978 ought to be the year to redress the balance in favour of the shareholder.

EUROPE'S CURRENCIES AND THE DOLLAR

High rates are French defence

By Our Own Correspondent

PARIS, Dec. 8.

THE FRENCH government has been pursuing a policy of using interest rates, rather than intervention on the foreign exchange markets, to protect the franc. Since both the economic situation and the eminence of a general election have quelled investment in industry, to say nothing of the severe restrictions on the growth of credit, the government monetary authorities, fearful of high interest rates will have little effect on economic activity.

The franc has remained generally stable over the past 15 months. By the end of summer this year, overnight rates had slipped to 8 per cent. from the 11 per cent. of the beginning of the year. It was only the caution of the monetary authorities, fearful of having to put up rates too dramatically in a crisis, which prevented a decline of rates to about 7 per cent.

However, over the past six weeks, the trend has been reversed.

W. German industry concern over exports

BY GUY HAWTIN

FRANKFURT, Dec. 8.

THE TURMOIL on the foreign exchange markets is causing considerable concern to West German industrialists, who fear that the further increase in the value of the Deutsche mark will...

A number of important industries, including chemicals and machine tools, have already without intervention the dollar, reported heavy declines in overseas sales this year. The companies have laid a large part of the blame for this on the continued upwards course of the Government and the Bundesbank figures showed that during the first 10 months of the year the mark had appreciated by an average 4.6 per cent. against the currencies of the country's 22 leading trade partners. The decline against the dollar has been steep, and there is speculation in Frankfurt that the dollar will rise to DM28.31bn. in spite of the fact that the balance of payments, however, from a 1976 first three-quarters surplus of DM4.21bn. to DM14.7bn., because of a major worsening of the deficit in bank but businessmen are by no means convinced.

However, although the steel, chemicals and machine tools are heavily under pressure, the country's trade surplus in the first nine months of the year showed a 6.6 per cent. increase compared with the same period of 1976. It rose from DM24.85bn. to DM28.31bn. in spite of the fact that the balance of payments, however, from a 1976 first three-quarters surplus of DM4.21bn. to DM14.7bn., because of a major worsening of the deficit in bank but businessmen are by no means convinced.

Some foreign observers believe that the point may have been reached that the upward revaluation of the D-mark has at least reached the point where it will hit exports, but others point out that the areas danger to West German industry comes from the potential increase in imports. For instance, the steel industry, which is still deeply in recession, is hard hit by competition from imports. In the third quarter of the year imports accounted for 36 per cent. of the Federal Republic's steel sales.

Norway pressure eases

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 8.

THE SCANDINAVIAN currency markets have been calmer over the last two days, with only minor intervention by the Danish and Norwegian central banks in support of their currencies.

Mr. Knut Getz Wold, Governor of the Bank of Norway, said there were no plans to realign currencies with the snake and no intention of dissolving it. The flurry of speculation, which led the central banks to intervene at the end of last week, was prompted by the weakening of the dollar. The appreciation of the Deutsche mark against the dollar brought the other snake currencies, including the Norwegian and Danish, to the lower intervention level.

Belgian franc may be realigned

BY DAVID BUCHAN

BRUSSELS, Dec. 8.

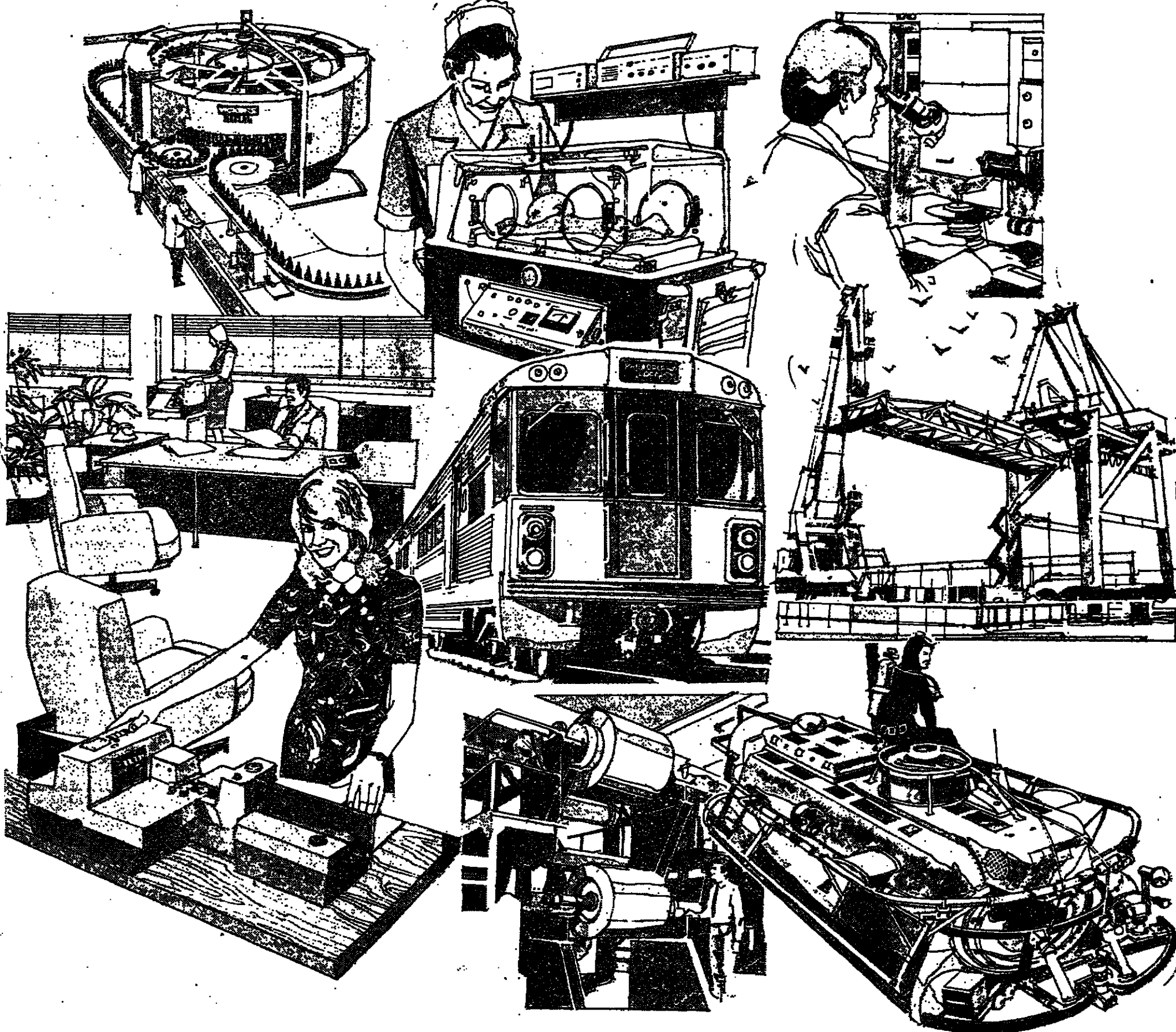
THE BELGIAN authorities have in the last two weeks—by a combination of public statement market intervention and interest rate increase—kept the Belgian franc at its present parity in the "snake" joint float. The franc, along with other minor "snake" currencies may soon have to be realigned against the Deutsche mark, but for two reasons its continued presence in the snake is almost an article of faith among Belgian policymakers.

The first reason is the feeling that the "snake" imposes anti-inflationary and economic disciplines by association with West German policy. The second and allied reason is that nearly 40 per cent. of Belgium's trade is with the two traditionally strong "snake" countries—West Germany and Holland. Though the Dutch guilder, too, has been under more calls on the Bundesbank and perhaps less West German support for the Belgian franc. This is partly because the Dutch Central Bank was quicker to react to the present bout of "anti-dollar fever" by raising interest rates in early November. Whatever Belgian Prime Minister Leo Tindemans may say interest in this is obvious of the Frs. 180n. (E180n.) that the National Bank has spent in the last two weeks supporting the would not greatly care if the franc, some Fr. 120n., has been borrowed from other snake members—Denmark and Norway, Belgian trade with both desksbank.

Compromise

But the PSI refuses to move back into alliance with the Christian Democrats without the Communists being in too, and that would be too much for the DC to swallow. What Sig. Andreotti has to discover over this week-end and early next week, in direct talks with the opposition parties and separately, with leaders of the main trade union confederations is their real political price for agreement on the 1978 budget. If it turns out to be too high, and the real bidding up will come inevitably from the powerful PCI and the party's affiliates in the unions, Sig. Andreotti might have to throw in the towel. His instincts are to compromise, but there are important men to his right in the DC who believe that the Prime Minister has already conceded too much to the Communists, if not in substance then at least by appearing to give them an indirect role in Government. These critics would not be averse to trying to unseat him if he offers much more.

The Prime Minister will be seeking concessions from the trade unions on, among other things, the practice of wage indexation and a scaling down of promised increases in State-sector pensions. He also wants a new round of increases in a change of public utility services. But the PCI will not encourage the unions to accept such a package unless it can secure a direct influence over Government expenditure progressively, least of all the Communists, further its own political status constitutional deadline of September 30, the outline budget was formulated on the basis of Cabinet room as such.



The way we are.

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We are developing revolutionary new submersibles for undersea engineering and pioneering advanced techniques for exploration in even deeper and rougher waters.

Our technological abilities in engineering were highlighted in

the summer by a £5 million order from China for 500 tons of complex engineering, which make up a unique tyre, wheel and brake dynamometer.

In electronic microscopes and container cranes, bottling lines and nuclear plant, in Australia and Canada and in a host of other activities the story is the same.

But we are not resting on our laurels. In our chosen areas of development Vickers will continue to provide the spirit of technical innovation to ensure the company's continued growth and prosperity.



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Your flight is 5 hours 20 minutes faster than the fastest subsonic time.

You cruise at 1350 mph, high above most

turbulence, and arrive fresh and relaxed, to make morning connections to other South East Asian business centres, or just a leisurely start to your working day in Singapore.

It's faster. It's smoother. And the service is nothing short of the best.

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John H. ...

AMERICAN NEWS

Armco chief sceptical of Carter steel proposals

BY STEWART FLEMING

NEW YORK, Dec. 8.

Mr. William Verity, chairman of Armco Steel, said today that he would have preferred the U.S. industry to have been free to continue to file anti-dumping legal actions against foreign importers...

THE WEAKNESS OF THE U.S. TREASURY

Playing discords on second fiddle

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

WHEN JIMMY CARTER became President, he promised a more eclectic style of Government. Individual departments would not be instructed to adhere rigidly to policies laid down in the White House...

William Simon and John Connally, carried that cachet to a degree that helped offset deficiencies in their policies. Their principal Under-Secretaries, men like Paul Volcker, Charles Walker and Edwin Yeo, played able supporting roles.

More generally, and sometimes deliberately, the Treasury has also given up some of its primacy in international economic policy. In a sense this is no bad thing, since it may be desirable to broaden the horizons of other departments.

The Treasury's shortcomings cannot only be blamed on weak personalities. It also seems unsure of what it believes. Mr. Anthony Solomon, whose official title covers monetary affairs for much of this year...

EEC considers own trigger price

BY DAVID BUCHAN

BRUSSELS, Dec. 8.

THE PROPOSED U.S. trigger price, aimed at keeping steel imports sold below cost out of the U.S. market, seems complicated out workable. The EEC industry Commissioner, Viscount Etienne Davignon, commented as the Brussels Commission started discussions today on how Europe could implement its own trigger, or minimum reference, price in the New Year.

Caribbean states seek solution to Belize dispute

BY HUGH O'SHAUGHNESSY

AS A BIG diplomatic push starts today in the Caribbean, to find a lasting solution to the problem of Guatemalan territorial claims against Belize, fears have been expressed in the British Parliament that weapons made in Britain could be used against the colony and its British garrison.

Mr. Simon was even able to take advantage of periodic disagreements with Dr. Kissinger at the State Department to drive home the point that the Treasury hierarchy is expected to provide strong, visible leadership, a tradition that has run with occasional exceptions, from Alexander Hamilton to the last two Republican Administrations.

Mr. Fred Bergsten, the assistant Secretary for International Affairs, possesses that facility in abundance, as any good graduate of the Brookings Institution should. But Mr. Bergsten got off to a rocky start, being rapped over the knuckles for being too blumptious and presumptuous in the course of vice president Mondale's now notorious trip to Europe and Japan in the first Treasury says.

In his first news conference after his assumption of power on June 1, Gen. Romero pledged Salvadoran military support to Guatemala on the Belize issue. In the Lords it was argued yesterday that the British position in Belize which was heavily opposed by a number of senior British churchmen and by the result of Guatemalan invasion human rights in El Salvador.

Wholesale prices up 0.7%

BY OUR OWN CORRESPONDENT WASHINGTON, Dec. 8.

U.S. WHOLESALE prices rose which recorded an exceptionally sharp 16.7 per cent. increase last month. A major cause of this has been the withholding of wheat from the market pending an assessment of the Russian harvest and consequent Russian wholesale purchases.

There's more to Bosch than spark plugs, power tools and freezers...

- A Aerial systems for T.V. & radio... B Batteries... C Cable... Digital modules for machine tools... J Jigsaws... K Kilovar controls... L Labelling machines... M Magnetic field switches... N Numeric control units... O Oil filters... P Packaging machines... Q Quick-charging booster units... R Radio alarm systems... S Saws...

In 1896, Robert Bosch's workshops produced their 1000th magneto. To celebrate this event, he took his 16 workers on a trip to Remstal in Swabia, an area well known for its wines. These days, with more than 100,000 people working for the Bosch Group, such celebrations are rather more difficult to organise!

For Bosch, the motor car was an inspiration for future product development. Although the first workshop opened by Robert Bosch in 1886 manufactured telephones, domestic telegraph systems and other electrical appliances, the decisive forward step in the company's history was the development of the high voltage magneto. This allowed the internal combustion engine to reach speeds which were hardly considered possible in those days.

Just as a tree develops many branches over the years, so the range of products manufactured by Bosch broadened to include ignition systems, DC generators starter motors, power tools...



OVERSEAS NEWS

British lawyer condemns police role in Biko death

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

DAMNING indictment of the death in detention of Mr. Biko, the black South African leader, was made today by a senior British lawyer who tended the recent Biko inquest in Pretoria.

Sir David, who was invited to attend the Biko inquest by the Association of Law Societies of South Africa, said that given South African law, he did not disagree with the decision of the magistrate to bring in a verdict not naming any particular person for Mr. Biko's death, although he believes that "one or more of a group of persons" could have been named.

However, Sir David says the magistrate was "demonstrably wrong in adding the rider that the head injuries, which resulted in death, were probably sustained in a 'scuffle' with the police."

Israelis admit expelling 1,180

By David Lennon

ISRAEL HAS expelled 1,180 people for security or terrorist offences since 1967, but only 68 of them were residents of the occupied territories, summarily deported because of "incitement or for severe security reasons," the Financial Times was told officially today.

Russia registers surplus in trade with the West

BY DAVID SATTER

MOSCOW, Dec. 8

FOR THE first time in several years, the Soviet Union registered a quarterly surplus in its trade with the industrialised West, according to figures just published in the Soviet journal, Foreign Trade.

The figures show that Soviet exports to the West for July, August and September of this year totalled 2.4bn. Roubles (\$1.8bn.), while imports came to only 2.3bn. Roubles (\$1.7bn.) for a Soviet surplus in the quarter of 212m. Roubles (\$163.1m.).

The quarterly surplus was the result of a sharp increase in Soviet trade with socialist countries and with the third world. Soviet trade with the industrial capitalist countries had a total value of Roubles 6.6bn. (\$5.0bn.) in the quarter, but the present rate of exchange recorded surplus in trade with the West since 1974, reduced the total Soviet debt with the West for the first three quarters of 1977 by 15 per cent. to Roubles 1.2bn. (\$901m.) from Roubles 1.4bn. (\$1.05bn.) which had accumulated during the first half of the year.

Slower rate of growth for U.K. exports

By Lorne Barling

LATEST projections of British export performance, carried out by the Department of Trade, provide a more gloomy picture for the first half of next year than was previously expected.

No injuries in S. Africa bomb blast

JOHANNESBURG, Dec. 8

A BOMB exploded today in a parking lot outside a railway station in Benoni causing damage, police said.

Canberra denies OECD inflation rate estimate

BY KENNETH RANDALL

CANBERRA, Dec. 8

THE AUSTRALIAN Treasurer, Mr. John Howard, denied the accuracy today of OECD figures on Australia's current rate of inflation. The OECD figures were released at a particularly embarrassing time for the Australian Government, which faces a general election on Saturday.

The figures reinforce the Opposition claim of an inflation rate of 13.1 per cent, whereas the Government has been arguing throughout the election campaign that inflation has been reduced to less than 9 per cent.

Internal threat to EEC textiles

BY JONATHAN CARR

THE WEST GERMAN Government warned today of the growing threat to the trade in textiles and clothing within the EEC, and said it would do all it could to reverse the trend.

Vast crowds cheer Sadat

By Our Foreign Staff

TENS OF THOUSANDS of Egyptians carrying placards and chanting slogans of support turned out in the square yesterday for the crowning of a five-minute ovation. Police officers described the turnout as the largest since the funeral of President Nasser in September, 1970.

India agrees to prohibition

BY K. K. SHARMA

THE Indian Cabinet has agreed that prohibition should be introduced in the country within four years, thereby bowing to a demand that the Prime Minister, Mr. Morarji Desai, has been persistently making, although most Ministers have serious reservations, on grounds that the decision is impracticable and would cause heavy losses of revenues that the country cannot afford when resources for development are scarce.

Zaire Government resigns

KINSHASA, Dec. 8

THE GOVERNMENT under charges of embezzlement, against President Mobutu Sese Seko Kibangu Ngbendu, resigned on Wednesday night, July 1 and November 25, announced today.

Somalis attack S. Ethiopia town

NOGADISHU, Dec. 8

SOMALI forces this week launched an attack on one of the main Government garrisons in southern Ethiopia and provoked a mutiny among the defenders, the newspaper of the Western Somali Liberation Front said today.

India agrees to prohibition

BY K. K. SHARMA

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JCB to investigate U.S. links

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

AS PART of its drive into the American market, J.C. Bamford Excavators, the biggest British-owned construction equipment company, is investigating possible acquisitions in the U.S.

Mid-East staff turnover soars

BY MARK VAN DE WEYER

SOME 30 per cent. is being estimated the cost of poor retention of the personnel costs of the companies operating in the Middle East due to the choice of unsuitable staff according to Mr. Michael Berger, chief executive of Executive Resources International, a company specialising in recruiting people to work in Middle East countries.

Export credit agreement renewal likely

By David Curry

DETAILED TECHNICAL discussions on improving understanding and consultation between the government's agreement on export credits have so far dominated the meeting here of credit insurers.

Zeebrugge Port Expanding a door to the Continent

BY DAVID BUCHAN IN BRUSSELS

BRITISH users of Zeebrugge, one of the main links with the Continent (three quarters of the port's short sea traffic is with the U.K.) can expect a major transformation of its facilities. With the recent announcement by the Belgian Government that it plans to spend B.Fr.41bn. (\$650m.) in expanding the infrastructure of the country's only coastal port over the next seven or eight years, the total cost of the development (not all borne by the Government) will top B.Fr.100bn.

SOUTH AFRICA AND NAMIBIA

Security forces plan a long stay

BY JOHN STEWART, RECENTLY IN WINDHOEK

A MASS political rally organised by the African National Congress (ANC) in the town of Swakopmund, 17 miles north of Windhoek, was held in Ovamboland on December 17, may never take place because the organisers fear carried by the security police who intimidated by South Africa.

They had been approached by the South African defence force to secure 40 houses in the city for senior military personnel. This week it was reported that the municipality of Windhoek had made available a large tract of land four miles south of the city for an "exclusive military headquarters."

Public spending in Namibia may be as low as an ebb at in South Africa, but civil construction companies confirm that much money is being spent on the expansion of military bases and airstrips in the northern territories. Increasing numbers of Namibian blacks are undergoing military training and untrained black troops are everywhere in Windhoek.

The Oshakati incident, which SWAPO officials say amounted to gratuitous violence because no laws or regulations had been contravened, occurred while talks were continuing in Pretoria between the South African Government and representatives of the five western Security Council powers in the latest search for a settlement in Namibia.

Premier Consolidated Oilfields Limited

Unaudited Group Results for the 6 months ended 30th September 1977

Table with 2 columns: Group Turnover, Profit Before Taxation, Taxation. Values: 295,455, 201,344, 219,922.

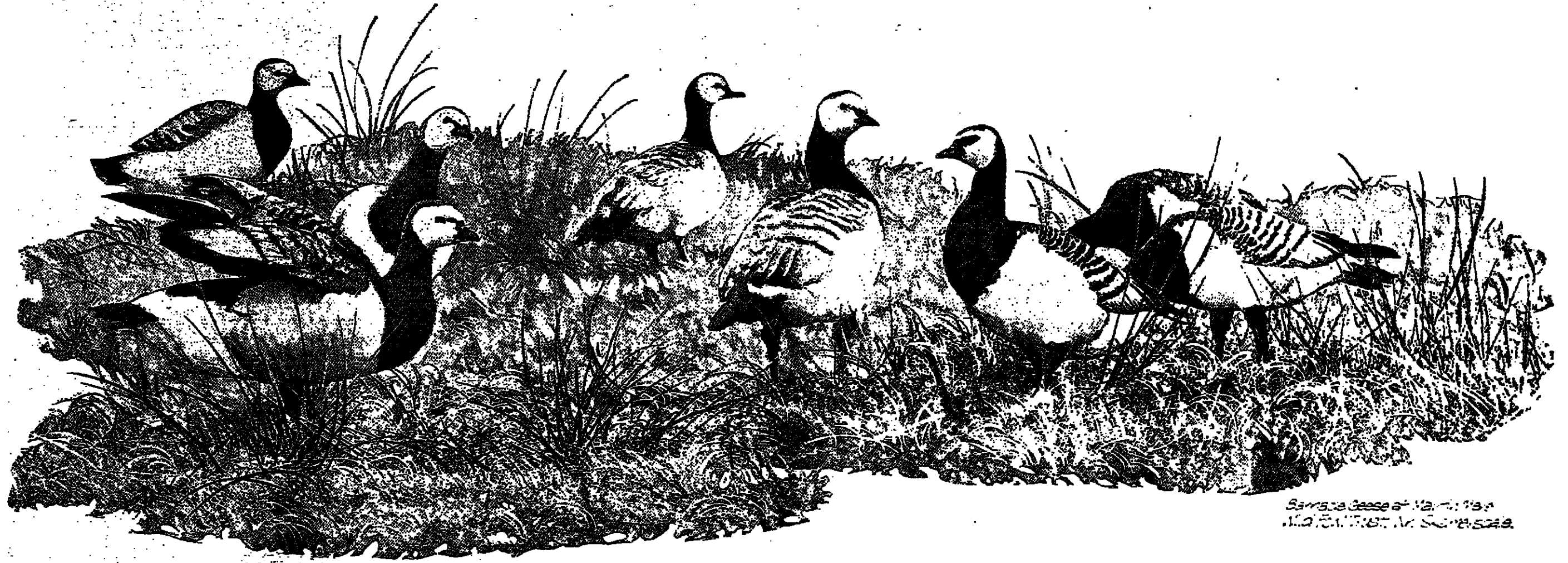
Exceptional profits of £84,000 are included in the above (1976 nil). For the Half Year to 30th September 1976, Premier's turnover was £86,031; Profit before taxation was £306,804 and taxation absorbed £300,816. These figures are not comparable to the 1977 figures which include 5 1/2 months results of Bell and Collins (Oil and Gas) Limited, which was acquired on 18th April, 1977. Taxation arises almost entirely in Trinidad.

Zeebrugge Port Expanding a door to the Continent

BY DAVID BUCHAN IN BRUSSELS

BRITISH users of Zeebrugge, one of the main links with the Continent (three quarters of the port's short sea traffic is with the U.K.) can expect a major transformation of its facilities. With the recent announcement by the Belgian Government that it plans to spend B.Fr.41bn. (\$650m.) in expanding the infrastructure of the country's only coastal port over the next seven or eight years, the total cost of the development (not all borne by the Government) will top B.Fr.100bn.

December 9 1977
lower rate
growth
U.K.
sports



Samoa Geese at Marlborough
Museum, Marlborough, Wiltshire

Export credit
agreement
renewal likely

Sanctuary

Skelmersdale New Town has drawn industrial settlers from far afield, all heading North in search of greener pastures, cheaper land, cleaner air, more readily available labour, generous financial help, ready-made factories and a quality of life they never expected to find so close to the factory gates or so far from the Home Counties. Call us and discover some very attractive reasons for migrating here.



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HOME NEWS

Orders for machine tool industry up 30% to £264m.

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT
RIGHTER PROSPECTS for the machine tool industry are reflected in statistics from the Department of Trade and Industry...

Hitachi affair brings TV industry study

BY MAX WILKINSON AND STUART ALEXANDER

BRITISH TELEVISION manufacturers are to commission a major study on how the industry should be reorganised after the withdrawal of Hitachi's plan to set up a plant at Washington...

Building up 2% in third quarter

By Our Building Correspondent

THE value of construction work carried out in Britain in the third quarter of this year rose by 2 per cent over the previous three months...

North Sea gas, oil collection system proposed

BY RAY DAFTER, ENERGY CORRESPONDENT

A SCHEME, costing well over £3bn, for collecting oil and gas from fields in the U.K. and Norwegian sectors of the North Sea is recommended in a confidential report...

Imports threatening watch factory jobs

FINANCIAL TIMES REPORTER

SMITHS INDUSTRIES is holding talks with unions and with the Department of Industry over a substantial cut in the workforce at its clock and watch factory at Wishaw, Strathclyde...

Post and phone charges pegged for 'near future'

BY JOHN LLOYD

THERE will be no increases in postal or telephone charges in the near future, Sir William Parlow, chairman of the Post Office, said yesterday...

Scottish Office action may be investigated

BY OUR SCOTTISH CORRESPONDENT

THE OMBUDSMAN is to be asked to investigate the way the Scottish Office dealt with objections to the plans by Shell and Esso to build petrochemical plants in Fife...

Complaint over Bank's foreign exchange

By James Bartholomew

THE EUROPEAN Commission has questioned the Bank of England over the alleged 'closed shop' in the London foreign exchange market...

Power chiefs urge need for two new reactors

BY DAVID FISLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board has expanded its case for adopting two types of nuclear reactor—one British, one foreign—to meet what it sees as a pressing need for nuclear electricity in Britain...

U.K. car sales well on way to reaching 1.3m. forecast

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR SALES in the U.K. this year look well on the way to reaching the 1.3m. total forecast by the industry, although this will be achieved only with the help of a substantial increase in imports...

Table with columns for car models (Ford, Vauxhall, etc.), years (1977, 1976, 1975), and registration counts. Includes a total for imports and grand total.

Is what the manufacturers say about their new telephone systems...

All talk?

To meet the global demand for public telephony, leading telecommunications companies - including Philips - are offering a range of sophisticated computer-controlled switching systems...

A formidable choice for national telephone administrations. But are these claims all talk? Can they be supported with experience in the field, or are they based on experiments in the laboratory?

So far as Philips claims are concerned, our stored-program controlled PRX exchanges are presently serving over one million telephone subscribers worldwide. In Holland PRX exchanges are being integrated into the national telephone network...

Moreover, while being right for the present, Philips' PRX is ready for the future. For the inevitability of digital telephone transmission has been 'designed-in' to the system...

PRX ringing the changes in telephony

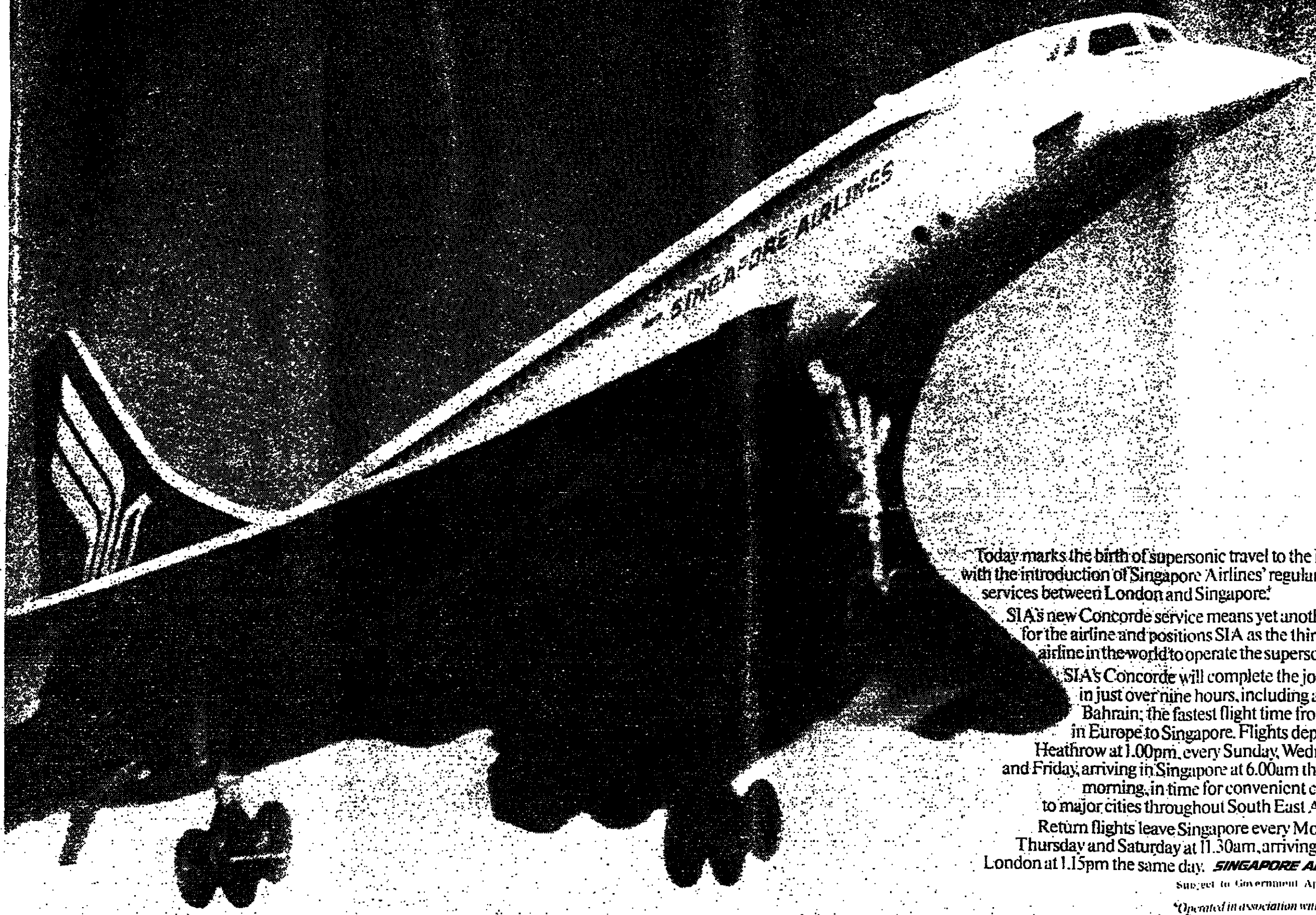
Philips Telecommunications



PHILIPS

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SIA's new Concorde service means yet another first for the airline and positions SIA as the third airline in the world to operate the supersonic Concorde.

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HOME NEWS

LABOUR NEWS

Briton to advise Saudis on health

BY STUART ALEXANDER

MR. MICHAEL SOUTHERN, regional administrator of the South West Thames regional health authority...

Mr. Southern has retired early from his £14,000-a-year job to take up the £20,000-a-year untaxed post in the Middle East.

He will be joined by two assistants from the Department of Health and Social Security on secondment for one year.

One will specialise on purchases and the other on building and engineering.

Mr. Southern, aged 59, was asked to take his post for three years, but has initially agreed to only one year.

Before he left for his new post, Mr. Southern said to London yesterday that while life in the Health Service was "pretty difficult" at the moment, he thought that better days were ahead.

"I have a firm belief in the future of the service. The reorganisation of the Health Service has brought disparate parts of it together, many bright young administrators were moving into senior positions, and the financial position was starting to look brighter.

The health authorities could seek forward in the Health Service and at best, slowly rising budgets, Mr. Southern said.

Disabled seek more State aid

By Michael Dixon, Education Correspondent

EXTRA STATE grants for handicapped people to continue studying and training after leaving school were demanded yesterday by the National Bureau for Handicapped Students.

Disabilities entailed additional costs of living and equipment which, because of insufficient financial help, often deterred otherwise capable students from pursuing post-school courses, the bureau said.

It was presenting in London a 46-point programme for a national policy on the further and higher education and training for the handicapped.

Consumers seek price freeze on surplus foods

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

GROUPS claiming to represent consumers throughout the EEC yesterday passed a unanimous resolution calling for a freeze on farm prices for foods which are in surplus, such as butter, skimmed milk powder, beef, cereals and sugar.

It is the first time European consumer groups have got together to produce a united plan of action on agricultural policy. The call came on the eve of publication of the Commission's proposals for next year's farm prices as part of seven-point programme by the consumer groups.

It coincided with a conference in London, organised by the European League for Economic Cooperation, at which successive speakers attacked the Common Agriculture Policy for failing to pay enough attention to the needs of consumers.

Mr. Roy Hattersley, the Prices Secretary, described the agricultural policy as a denial of the basic law of economics "which contained the seeds of its own destruction."

He did not believe that a system which so ignored the interest of the consumer, and so elevated the needs of the producer, could continue unchanged indefinitely.

Mr. Hattersley also said that the British Government was looking for important qualifications in the draft merger directive which has been under discussion since 1974.

European competition policy should be concerned only with mergers on a European scale and should leave national mergers to the national Governments.

Mr. Richard Burke, Commissioner of the European Communities, told the conference that it was the commission's intention to take all the measures it could to change the balance of power in the market place so as to restore to the consumer the right of free choice in the economic system.

Wiggan quits as Reliant managing director

Financial Times Reporter

A MANAGEMENT shake-up at Reliant Motor, after June's acquisition by J. F. Nash Partners, has resulted in Mr. Roy Wiggan resigning as managing director.

He is succeeded by Mr. Richard Spencer, who was brought in by Mr. Wiggan as manufacturing and personnel director from a Sunderland shipyard.

Mr. John Nash, the Kettering financier and head of J. F. Nash Securities, said last night that he would continue to develop the specialist car potential of the company at Tamworth, Staffs., which makes Seimair Estates, Robin three-wheelers and Kittex four-wheelers.

In 18 years Mr. Wiggan built the company from 250 employees to the present 1,600, and established profitable export projects. The project in Turkey, started in 1966, yields £2m. a year.

Reliant has solved its problems of two years ago and produces 160 three-wheelers, 25 Kittex, and 33 Seimairs a week.

Although the parting is by mutual consent, Mr. Wiggan, who feels his 6 per cent. interest in Reliant is too small to be of concern, said that he was unable to reconcile the takeover from Standard Chartered Bank, but had stayed on for the transition period.

If there was to be a change, now was the time to make it. The new management has extended dealerships to motorcycle showrooms and is developing distribution further.

"But our intention is to keep Reliant in the specialist car market," Mr. Nash said.

There will be a slight change of plans from the former management, but it will be a long time before they see the light of day.

Mr. Spencer and Mr. Mike Smith, financial director, have been appointed to the Board. Mr. Derek Peck, chief engineer, joins the motor company Board.



ROY HATTERSLEY

"Denial of basic economics"

In their seven-point plan of action for EEC agricultural policy the representatives of the European consumer groups, who met in London, called for the development of a food policy of which agricultural policy would be one part.

They also agreed unanimously that quotas should not be used to restrict production because they could conceal the fact that prices were set too high.

The report forecasts that the interest shown in the industrial property of the south-east will be maintained next year.

Although shortage of land could be an inhibiting factor, the situation for the smaller company was very promising and there was a large stock of older factories suitable for conversion.

It lists four main reasons for this buoyancy: the increased importance of smaller companies; the continued growth of sectors like petrochemicals, plastics and electronics; the underlying importance of the region's good communications; and the attraction of foreign investors.

The chamber renews its call for the scrapping of industrial development certificates.

Because these are needed where industrial floor space exceeds 12,500 square feet and performance is so bleak.

THE CONFEDERATION OF BRITISH INDUSTRIAL PROPERTIES has told the Government that the end of industrial de-rating in Scotland next March would mean companies paying an extra £40m. a year.

The confederation's Scottish Council meeting in Glasgow yesterday endorsed a demand that the system should be continued. Its abolition would mean Scottish companies paying up to double the amount in rates of their counterparts in England and Wales.

De-rating has been discontinued south of the border, although it still exists in Northern Ireland. The 1975 Order continuing the system in Scotland, due to expire at the end of March, set the level at 50 per cent.—meaning that rates on manufacturing and process plant are paid on only half of the full valuation.

A dramatic example of this was the recent valuation appeal decision on the Decentral oil terminal at Flotta, Orkney, which saved the company about £200,000 a year.

The CBI in Scotland, calling for the system to be continued, says that rate poundages have increased twice as fast as in England and Wales, so that the present rate burden paid by industry is roughly equal across the border.

It quotes the 1975-76 average industrial rate for Scotland at 120p in the pound, compared with only 68p for England and Wales.

Swan Hunter men urged to work normally

BY ALAN PIKE, LABOUR CORRESPONDENT, IN YORK

SWAN HUNTER shipyard workers on Tyne-side were yesterday urged to return to normal working hours by the executive of the Confederation of Shipbuilding and Engineering Unions.

The executive meeting here, agreed to give its unanimous support to the party claim by men in the fitting-out trades which has cost Swan Hunter its share of the £115m. order of ships for Poland.

But union leaders are insisting that the men end their overtime ban and pursue their grievance through proper union channels.

Mr. Dave Hanson, chairman of the outfitting trades stewards at Swan Hunter said last night that there was virtually no chance of the overtime ban being lifted before the hearings of the Central Arbitration Committee.

David Freud, Industrial Staff writes: The two 16,500-ton bulk carriers in the Polish order, which were re-allocated from Swan Hunter to Smith's Dock on Tuesday last week, will be built at the company's South Bank yard.

Mr. George Parker, managing director of Smith's said he was confident that the backing of engineering union Technical and Supervisory Section (TASS) at the company in support of the Swan outfitting would not endanger the switch.

All sections of the company's South Bank workforce had confirmed their earlier "good behaviour" assurances. Similar commitments had been given at Smith's second yard, Haverton Hill, with the exception of outfitting and foremen as well as the company's staff of 100 draughtsmen.

The Commons is to debate the Polish contract on Monday. Parliament, Page 14

Ministry yields to 12 1/2% farm pay deal

By Christian Tyler, Labour Editor

THE MINISTRY OF AGRICULTURE appears to have accepted a decision of farmworkers' negotiators to press ahead, despite its objection, with a pay package of 12.5 per cent.—outside the Government's guideline.

There was no official reaction from the Ministry yesterday to the news that the Agricultural Wages Board for England and Wales—which contains Government appointees—had voted down the objection of Mr. John Silkin, the Minister.

But it looks as though the Government will try, through the farm wages executives, to catch farmers who pay more than the 10 per cent. guideline.

Only about 10 per cent. of the 110,000 full-time farmworkers covered by the English Board are paid the statutory minimum rate, and their employers will be bound by law to implement the 12.5 per cent. deal.

But the remaining employers, paying locally negotiated rates, could still stay within the 10 per cent. Government guideline if they choose.

The National Farmers Union, which was outvoted by the union and independent representatives, said last night "it cannot be in the best interests of the country, or of the farming industry, if (the Government's policy) is to be broken by anyone."

Small plant sites demand up

FINANCIAL TIMES REPORTER

INCREASED DEMAND for small industrial properties of under 5,000 square feet and even for premises of only a few hundred square feet is reported to-day by the London Chamber of Commerce and Industry.

The chamber says in its annual review of industrial property in the south-east that it may appear contradictory that companies in the U.K. are seeking to expand their premises while industrial performance is so bleak.

It lists four main reasons for this buoyancy: the increased importance of smaller companies; the continued growth of sectors like petrochemicals, plastics and electronics; the underlying importance of the region's good communications; and the attraction of foreign investors.

The chamber renews its call for the scrapping of industrial development certificates.

Because these are needed where industrial floor space exceeds 12,500 square feet and performance is so bleak.

Brick makers forced to merge

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THREE OF Scotland's major brick producers are to merge and rationalise their operations because of a drastic reduction in demand created by the building recession.

Scottish Brick, Caledonian Brick and A. Kenneth said yesterday that the proposals to pool their brick-making resources and streamline activities were designed to provide them "with a more assured and stable future."

Scottish Brick, which is jointly owned by the National Coal Board and Thomas Tilling, is to merge with Caledonian to enable the takeover of A. Kenneth.

Scottish Brick now has 30 per cent. of Scotland's brick market. Caledonian has about 18 per cent. and Kenneth about 8 per cent.

Under the proposals, the 21 production plants now operated by the three companies will be reduced to 14. Closures will concentrate on the older, less efficient works and take effect by the end of this month. The three companies employ 900 between them and 131 redundancies are expected.

Scottish Brick said that brick sales in Scotland had fallen from 750m. in 1973-74 to about 300m. this year and stocks were very high. Its modern plant near Bishopbriggs would continue to increase output of specialised brick products.

Engineering unions to submit national pay and hours claim

BY ALAN PIKE, LABOUR CORRESPONDENT

ENGINEERING UNION leaders yesterday decided to press ahead negotiations concentrated at local level with a national pay claim which has already attracted strong criticism from employers in the industry.

On Monday week, the Confederation of Shipbuilding and Engineering Unions will submit to the Engineering Employers' Federation a claim for new basic rates of £70 per week for craftsmen—they now stand at £42—engineering workers, and other improvements including phased introduction of a 35-hour working week and longer holidays.

Mr. Anthony Frodsham, director-general of the EEF, last week criticised the terms of the claim, and it can be expected that it will be formally rejected by the employers when negotiations begin.

This will present the confederation with a difficult decision. The engineering industry national agreement has been suspended during pay policy and some unions would be prepared to see the disappearance of ment problem.

Datsun launches new Violets

Financial Times Reporter

DATSUM YESTERDAY launched a re-styled version of its mid-range Violet model priced between £2,749 and £3,140, with a 1397cc or 1595cc engine.

Competitors see this as a new effort by Datsun to improve sales of larger vehicles to give dealers extra profit margin to make up for the loss of business they are suffering under the policy of voluntary restraint on imports.

Inco cuts 150 workers at Clydach refinery

BY PAUL CHESERIGHT

INCO, the world's largest nickel producer, based in Canada, has laid off 9 per cent. of its employees at Clydach refinery in Wales.

Depression in the industry has resulted in 110 production workers at 40 staff members losing their jobs.

Staff cuts at Inco's office in London may follow, but yesterday the company would not comment on the prospects.

Production at Clydach is being reduced by 35 per cent. from the planned level for this year as an inevitable consequence of the steel industry's cut in production in an attempt to reduce the build-up of inventories.

Plan to end row over dispensing

Financial Times Reporter

A NEW statutory body to resolve the dispute between doctors and pharmacists over drug dispensing in rural areas was recommended yesterday in a report by the Clothier committee.

The committee was set up in 1975 to investigate complaints by doctors and chemists that drug dispensing by either profession in rural areas would harm the income of the other.

To counter this, it suggests that any changes in drug dispensing in rural areas should be referred to a national joint committee. This committee would have three each from the medical and pharmacy professions, plus four lay members including the chairman.

The report says that just under 300 patients in England and Wales now have their medicines dispensed by doctors because they live in rural areas far from a chemist.

The present system allowed sudden and arbitrary changes in dispensing arrangements, which cast a "shadow of uncertainty" over the livelihood of doctors and pharmacists in rural areas.

The report will be considered by the medical and pharmacy professions here at a joint approach is made in the Government for any legislative changes.

Public sector 10% limit is vital, says CBI

BY OUR CARDIFF CORRESPONDENT

THE SETTLEMENT rate for pay claims should hold at around 10 per cent., provided the Government stands firm against claims in the public sector, Mr. John Methven, director-general of the CBI, said in Cardiff last night.

Speaking at the annual dinner of CBI Wales, he added: "If inflation can be brought down to keeping pay settlements under 10 per cent., there should be room for substantial income-tax cuts in the spring Budget."

Mr. Methven said many companies had shown courage in sticking out for reasonable settlements in the face of strikes, overtime bans and other industrial action.

"Since August, the days lost in strikes this year are over three times as high as in the same period last year. That is a measure of the courage management is showing and the pressure we face, caused solely by the pursuit by individual unions of excessive and immoderate wage claims," he said.

North Sea oil revenue should be used to help reduce the tax burden in the spring Budget, Mr. Methven said.

"Unless we are going to get personal tax down, no one is going to try as hard as he can. Small businesses are not going to hold in Cardiff in April,

agreement. The NGA, however, apparently adopted a strategy of pursuing claims locally rather than attempting a major confrontation on Government and TUC policy at national level.

Mr. Joe Wade claims to have made some progress already in the union's latest edition of the union's latest edition of 25 members in 29 companies covering ten branches he received increases of up to 5 per cent.

He said that while he could see no future in seeking a confrontation with the employers, in view of the TUC decision, no union could put up with some skilled workers taking home less than £40 a week next April.

Journalists at the Bell Telephone Northern Ireland only evening newspaper, were a one-day token strike yesterday. They said they took action "express concern for the page future."

In the past 12 months more than 20 journalists have left the Telegraph and they feel resignations were due to pay and low morale.

Print employers face threat to 12-month guideline

BY PAULINE CLARK, LABOUR STAFF

NATIONAL representatives of some 3,200 employers in the general printing industry claimed yesterday that about 200 of their members were under a direct threat of industrial action over a pay claim in breach of the 12-month rule.

British Printing Industry Federation leaders said some companies had already passed the deadline set by printing union members.

The industry has become the first of major significance to suffer from industrial action against the TUC's 12-month rule.

The industry is "worth some £200m. a year in turnover—bigger than any other industry—and although it consists of the whole of comparatively small companies scattered throughout the country, it is a major export earner."

There has been brewing since October when leaders of some 180,000 printing workers said they planned to table a claim for November, under a reopening of its national Phase II agreement last April.

The industry is being organised at local level only by the National Graphical Association, the one major printing union not to associate itself with recent round-table talks with the BPIF.

After preliminary discussions with leaders of the Society of Graphical and Allied Trades, the process workers union, SLADE, and the National Society of Operative Printers, Graphical and Media Personnel, the federation has invited new talks on the next April pay settlement.

But after a meeting with Mr. Harold Walker, Employment Minister, last week, it has made clear that there can be no further payments until that date.

So far, the unions are said to have asked for a 10 per cent. adjustment "to last year's pay agreement."

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John Vigurs' boat is so good it's almost unsporing.

Britain won two gold medals in the World Rowing Championships at Amsterdam last August. Our success was due not only to the superb fitness and technique of our rowing teams but also to Mr John Vigurs' new boats.

They are the lightest ever built. In the lightweight eight event the British team won by a margin of only 7/100ths of a second (about three centimetres over a 2000 metre course). Mr. Bob Janousek, past chief national coach, says, "If it wasn't for the fact that our boat was twenty kilograms lighter than the competition we may not have won."

John Vigurs built his boats out of synthetic materials—polyurethane paints and foams, resins, glass fibre and carbon fibre. The result is a craft far lighter and more rigid than the traditional teak boats.

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PARLIAMENT and POLITICS

Tories press Healey on pay flexibility

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN'S INFLATION rate is likely to fall to single figures by next Easter, but the prospects for keeping it below 10 per cent...

He admitted that the Government would have preferred more settlements below 10 per cent, and was notably more anxious than Mr. Roy Hattersley, Prices Secretary, who stated, on Monday, his belief that, once a single figure rate of inflation had been achieved, it would be sustained throughout 1978.

Mr. Healey refused to accept any structures from Conservative MPs claiming that recent speeches by Mrs. Margaret Thatcher had again illustrated the "inconsistency" of the Opposition on pay policy.

Treasury staff exchanges rise

MORE SENIOR Treasury staff are to be given the opportunity to gain experience of industry through secondment.

Chancellor defends interest rates

BY IVOR OWEN,

QUESTIONED ABOUT interest rate policy in the Commons yesterday, Mr. Denis Healey, Chancellor of the Exchequer, stated that present levels were consistent with the maintenance of proper control over the money supply.

Pardoe seeks £4.7bn. tax switch in spring Budget

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LIBERALS are to demand cuts in income tax of more than a quarter in the spring Budget with consequent increases in VAT and company taxation.

Minor roads 'too costly'

ECONOMIES in the construction of secondary roads were called for yesterday by Mr. Peter Deavin, president of the Institution of Highway Engineers, at the institution's national conference in London.

PM bows MPs wary of proposals to public for firemen's settlement inquiry demand

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

NEW GOVERNMENT proposals which Mr. Merlyn Rees, Home Secretary, claims will provide "an honourable basis" for settlement of the firemen's strike, were given a mixed reception in the Commons yesterday.

Mr. Rees announced that the Government would not return to work until an immediate increase, above the 10 per cent ceiling, had been offered.

Mr. Rees added the "exceptional guarantee" that the increases would not be thwarted by unforeseen, adverse, economic circumstances.

Mason to reduce Ulster troops

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is to withdraw a major operational army unit from Ulster this month because of the improvement in the security situation there.

Mr. Mason, Northern Ireland Secretary, announced in the Commons last night that the Government would draw the tribunal's attention to the cardinal principles of the Salmon report.

PARTY POLITICAL BROADCASTS

Watching—or just switched on?

BY PHILIP RAWSTORNE

LABOUR'S hard-hitting television programme on the National Front this week has again revived the long-standing controversy which surrounds party political broadcasts.

There has been, and remains, pressure on the political parties for change. The BBC, the IBA and the Rowntree Trust financed Leeds University research team to examine, in particular, the pattern of election broadcasting.

Left-wingers argued that despite the new proposals, the firemen would not return to work until an immediate increase, above the 10 per cent ceiling, had been offered.

Mr. William Whitelaw, Opposition deputy leader, told the Home Secretary that any such exceptional long-term treatment should be accompanied by a "no-horror" undertaking by the firemen.

Mr. Norman Atkinson (Lab., Tottenham), a member of the Left-wing Tribune Group, had misgivings about the situation that might arise in a year's time.

jacques borel international

Notice is hereby given that a General Meeting and an Extraordinary and Ordinary Meeting of the shareholders of Jacques Borel International S.A. will be held at 11 a.m. on December 21, 1977 at Sofitel Paris, 8-12 Rue Louis Armand, Paris 15e.

- The agenda for the Meeting will be as follows: Decision for which the requirements of an Ordinary General Meeting must be fulfilled; Resignation and appointment of Directors; Decisions for which the requirements of an Extraordinary General Meeting must be fulfilled; The granting of authorisation to the Board of Directors for the issue of convertible debentures for a maximum amount of 750 000 000; Sundry questions.

FIRST RESOLUTION The General Meeting notes the resignation from the Board of Directors of Mr. Bernard Westermann of the Company, GB-Innov-BM.

SECOND RESOLUTION The General Meeting confirms the provisional appointment of Mr. Bernard Treizenem who was appointed by the Board of Directors on June 30 to replace Mr. Bernard Westermann.

THIRD RESOLUTION The Meeting, after hearing the reports of the Board of Directors and the Special Report of the Commissaires aux Comptes prepared in accordance with the requirements of Articles 185 and 170 of the Decree of 23 March, 1967, and in full knowledge of the information contained in these reports, in particular, concerning the basis of conversion proposed and the criteria for the determination of the issue price of the debentures:

- authorises the Board of Directors to proceed, at the time it judges best, but not later than one year from the date of this Meeting, with the issue both in France and abroad of a debenture loan for a maximum amount of 750 000 000 for a term of at least 10 years and not more than 15 years, represented by debentures convertible to shares of the Company at the will of the bearer.

Party leaders clash over Polish ships

MRS. MARGARET THATCHER, Then they could have "all the figures that are appropriate."

Despite furious shouts of "Answer," from Tory backbenchers, Mr. Callaghan would only reply that the information could be given if a question was put down on the issue.

Speedier road injury claims planned

THE MOTOR Insurers' Bureau These would help to speed up settlement of a significant number of applications.

Under the new procedure, which would not apply where an identified driver was also involved or where there were special features, an application agreed a settlement would not exceed £3,000.

The determination of the method of the issue of the debentures in accordance with the Law and the Constitution of the Company, in particular the determination of the date of the issue, the amount of the loan and the character of the debentures, the nominal value, the rate of interest, the issue price, the dates of interest payments, the redemption value, fixed or variable, the period and method of repayments, and the determination of the methods of exercising the rights of priority described above.

FOURTH RESOLUTION The Meeting grants full powers to the bearer of copies or extracts from these proceedings to perform all registrations and other formalities required by Law.

The owners of nominative shares will be admitted to the Meeting on simple justification of their identity on the condition of their having been registered on the register of transfers of the Company at least 3 free days before the date of the meeting.

The owners of bearer shares must, at least 5 free days before the date of the Meeting, deposit their shares, or the certificate of deposit delivered by the Bank, Financial Institution or Stockbroker where the shares are deposited either at the Registered Office of the Company or at one of the following:

- Banque l'Union Européenne, 4, rue Gaillon, 75002 Paris; Banque de Paris et des Pays-Bas, 3, rue d'Antin, 75002 Paris; Crédit du Nord, 6/8, boulevard Haussmann, 75009 Paris; Banque Française pour le Commerce Extérieur, 21, boulevard Haussmann, 75009 Paris; Banque Générale du Phénix, 33, bis rue La Fayette, 75009 Paris; Banque de l'Indochine et de Suez, 96, boulevard Haussmann, 75008 Paris; Banque Louis-Dreyfus, 6, rue Kabanak, 75008 Paris; Banque Nationale de Paris, 16, boulevard des Capucines, 75002 Paris; Banque Neufville Schlumberger, Maliet, 3, avenue Hoche, 75008 Paris; Banque Régionale d'Escompte et de Dépôts, 5, avenue du Château, 94300, Vincennes; Banque Worms, 45, boulevard Haussmann, 75009 Paris; Caisse de Dépôts et Consignations, 56, rue de Lille, 75007 Paris; Crédit Commercial de France, 103, avenue des Champs-Élysées, 75008 Paris; Crédit Industriel et Commercial, 66, rue de la Victoire, 75009 Paris; Société Française de Banque, 114, boulevard Haussmann, 75009 Paris; Société Générale, 50, boulevard Haussmann, 75008 Paris; Société Lyonnaise de Dépôts et de Crédit Industriel, 8, rue de la République, 69001 Lyon; Société Séquanaise de Banque, 370, rue Saint-Honoré, 75001 Paris; or at any of their branches or subsidiaries in France.

John Hunt

FINANCIAL TIMES SURVEY

Friday, December 9 1977

The Gas Industry

While natural gas is now regarded as an important primary fuel and should play an increasing energy role much of the future of the industry depends on how long reserves will last and where they are located.

premium fuel demand in the 21st-century.

The opportunities present many problems for gas producers: recent events have shown there are no simple solutions. Much depends on how long natural gas reserves will last. Recent estimates have suggested that ultimate recoverable reserves might be about the same, or somewhat less, than those of oil. In other words enough to last industrialised nations until some point in the first half of the next century judging by past energy growth.

The World Energy Conference in Istanbul in August heard that if natural gas was produced at the current rate then reserves should be sufficient to meet demand for at least another 50 years. The International Workshop on Alternative Energy Strategies published an important report this summer showing that proven gas reserves stood at 2,282 trillion (million x million) cubic feet the equivalent of 386bn. barrels of oil. Ultimately recoverable reserves — those that are proved or yet to be discovered — may be three or four times as large.

The Workshop makes the point that these estimates are less important than the location of the reserves. Here we find that almost a third of the world's potential gas resources are controlled by Communist

countries: North America and the Middle East each has about one-fifth of the total. Even allowing for the constraints of moving gas over long distances to the main energy-consuming countries (either expensive pipelines or liquefaction processes have to be used) there is enough gas about to allow for a "substantial" increase in natural gas production over the next few decades, the Workshop concludes.

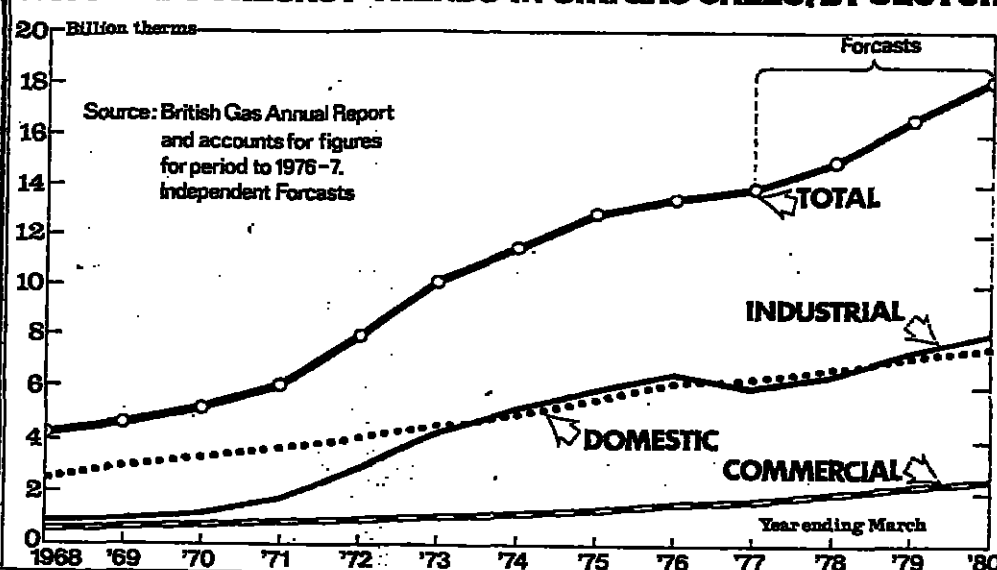
This is just as well for a report published earlier this week by International Economic Consultants, Economic Models, shows that gas will be playing an increasing energy role in many of the OECD countries, particularly Japanese and European members.

Estimated

In Japan, for instance, the demand for gas is expected to rise from the estimated 1977 level of 34m. tonnes of oil equivalent to 108.7m. tonnes of oil equivalent in 1986, according to Economic Models. In Germany gas consumption could rise by around 21 per cent between 1976 and 1980 and by a further 26.7 per cent between 1980 and 1985.

Much of this increasing world consumption will be met thanks to the growing labyrinth of gas trunk-lines — from the Middle

PAST AND FORECAST TRENDS IN U.K. GAS SALES, BY SECTOR



waste. In the North Sea the Department of Energy is being particularly strict on this point. The extent of shutting down a production platform on Britain's major oil and gas discovery — Shell/Esso's Brent Field — until gas-handling equipment is installed.

Over the next few years the North Sea industry could implement a whole range of schemes aimed at ensuring that associated gas and gas/condensate resources are not wasted. Ideas now being investigated include the offshore liquefaction of gas and the conversion of gas into electricity for transmission to shore. Gas is already being used for power on offshore platforms; it is also being injected into some oil reservoirs to maintain producing pressure. But in the long run most of the gas will probably be exploited and transported ashore by means of pipelines.

The British Gas Corporation is now virtually meeting the demands of all its customers with natural gas, piped ashore from the North Sea. In recent months it has celebrated two notable events in the U.K. gas industry's long history: firstly, the gas conversion programme was completed; secondly, the Corporation began receiving contract quantities of natural gas from the northerly Frigg Field.

The £800m. conversion programme, made necessary by the switch from town gas to natural gas, took ten years to complete. It was one of the biggest operations of its type in the world: 13m. consumers have had 33 appliances altered or replaced. Conversion teams have dealt with 8,000 different models of domestic appliances and 6,000 different commercial appliances.

The start of the Frigg supplies a few weeks ago was important because it enabled the Gas Corporation to engage in a positive marketing campaign again. Frigg provides the first major boost to gas supplies since the start-up of production from the southerly Viking Field (in 1972) and the Rough Field (in 1975-76).

With all the ballyhoo about the North Sea oil bonanza it is often forgotten that throughout the 1970s offshore gas production has been making an important contribution to Britain's external payments; a benefit worth around £2.3bn. this year and likely to be worth nearer £3bn. in 1978.

There has been another, more subtle savings arising from the natural gas programme, as Sir Denis Rooke, chairman of the British Gas Corporation, pointed out last week. The total heat

CONTINUED ON NEXT PAGE

Getting the sums right

Ray Dafter Energy Correspondent

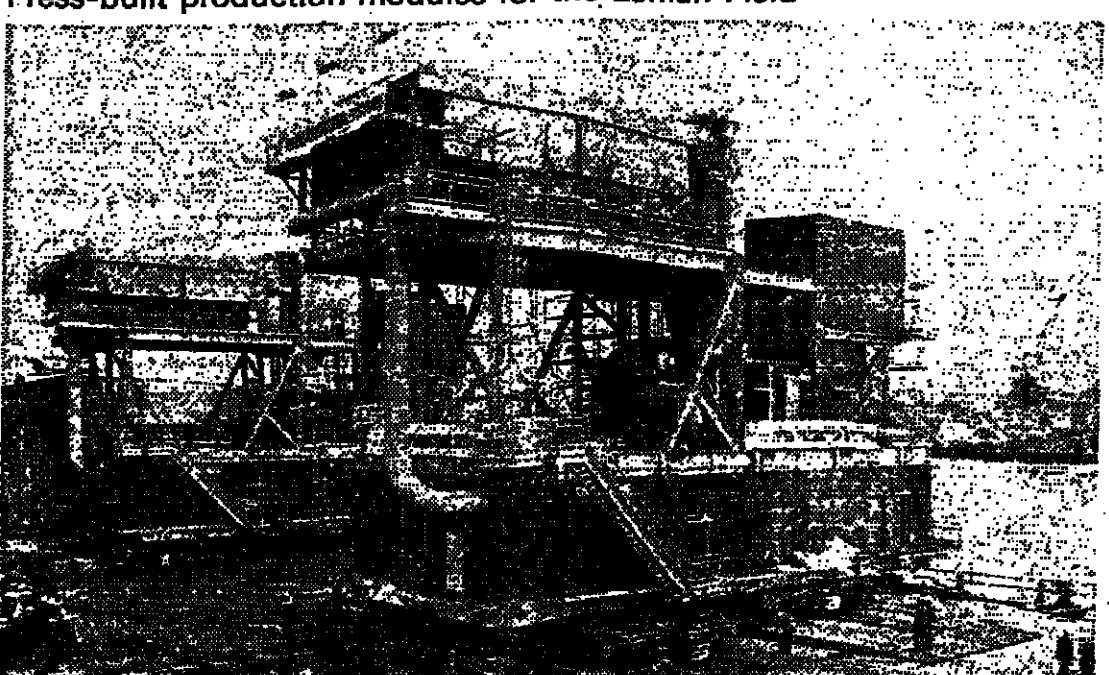
THE GAS industry is entering crucial, somewhat paradoxical age in its 185-year development. Natural gas is now being recognised as an important premium fuel with unique qualities a time when world reserves within decades of being seriously depleted. Conservation attempts may well be frustrated by a big rise in demand for gas over the next 7 years, particularly from energy-hungry countries in Europe and in Japan. Already the industry is being forced to look at new methods of making gas from coal — not the "town gas" of old, but substitute natural gas which will meet the

OUR SERVICE ISN'T WHAT IT USED TO BE.

St. Fergus. Major Press contributions at the British Gas Corporation Terminal Complex



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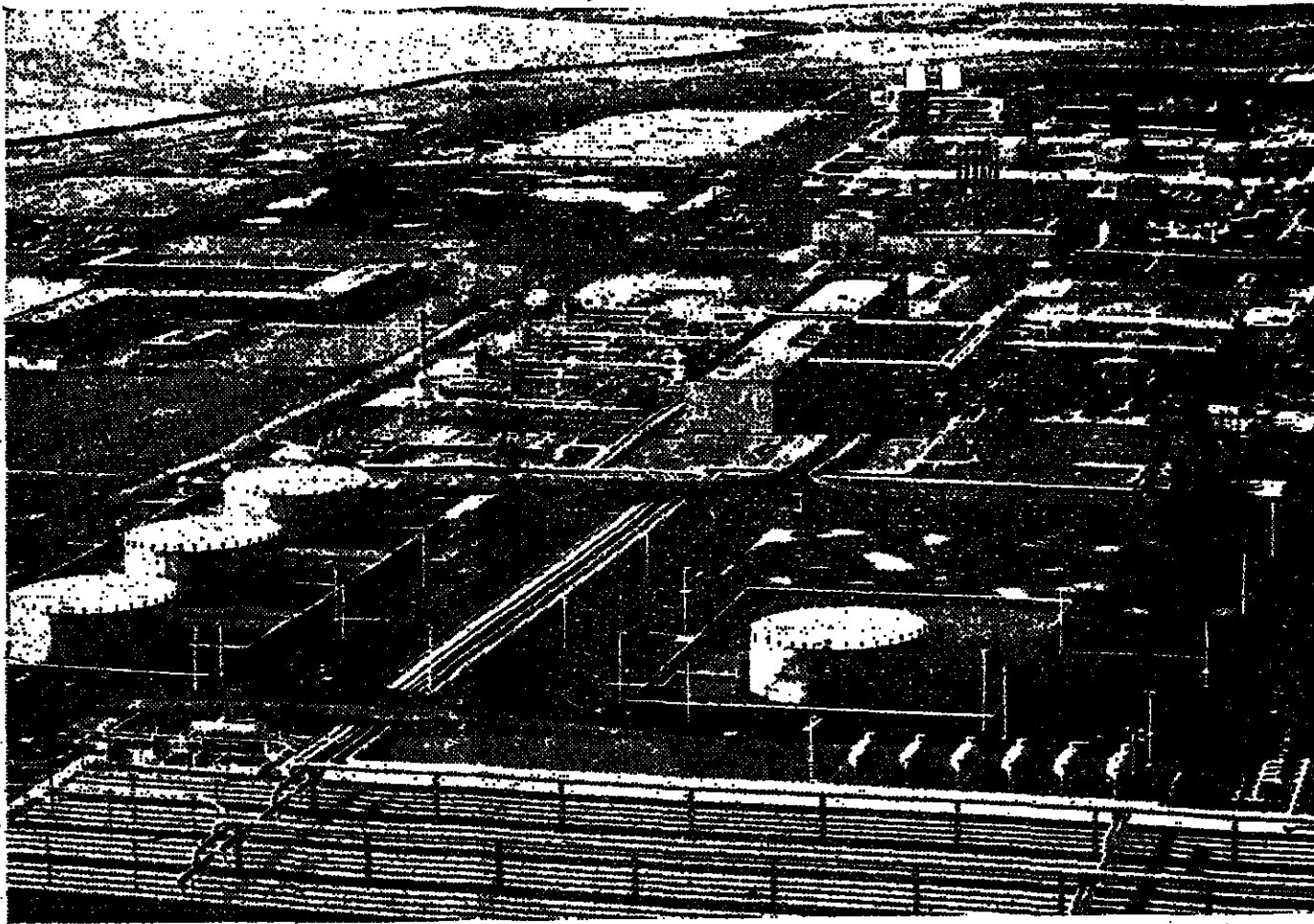
Press service to the gas industry today is a far cry from its beginnings sixty years ago. Except in one respect. It couldn't be beaten then. And it can't be beaten now.

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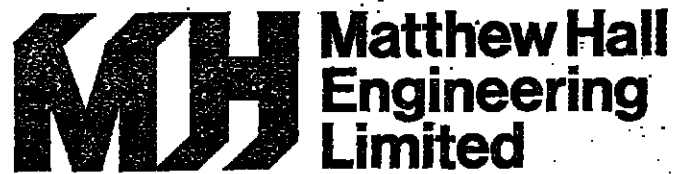
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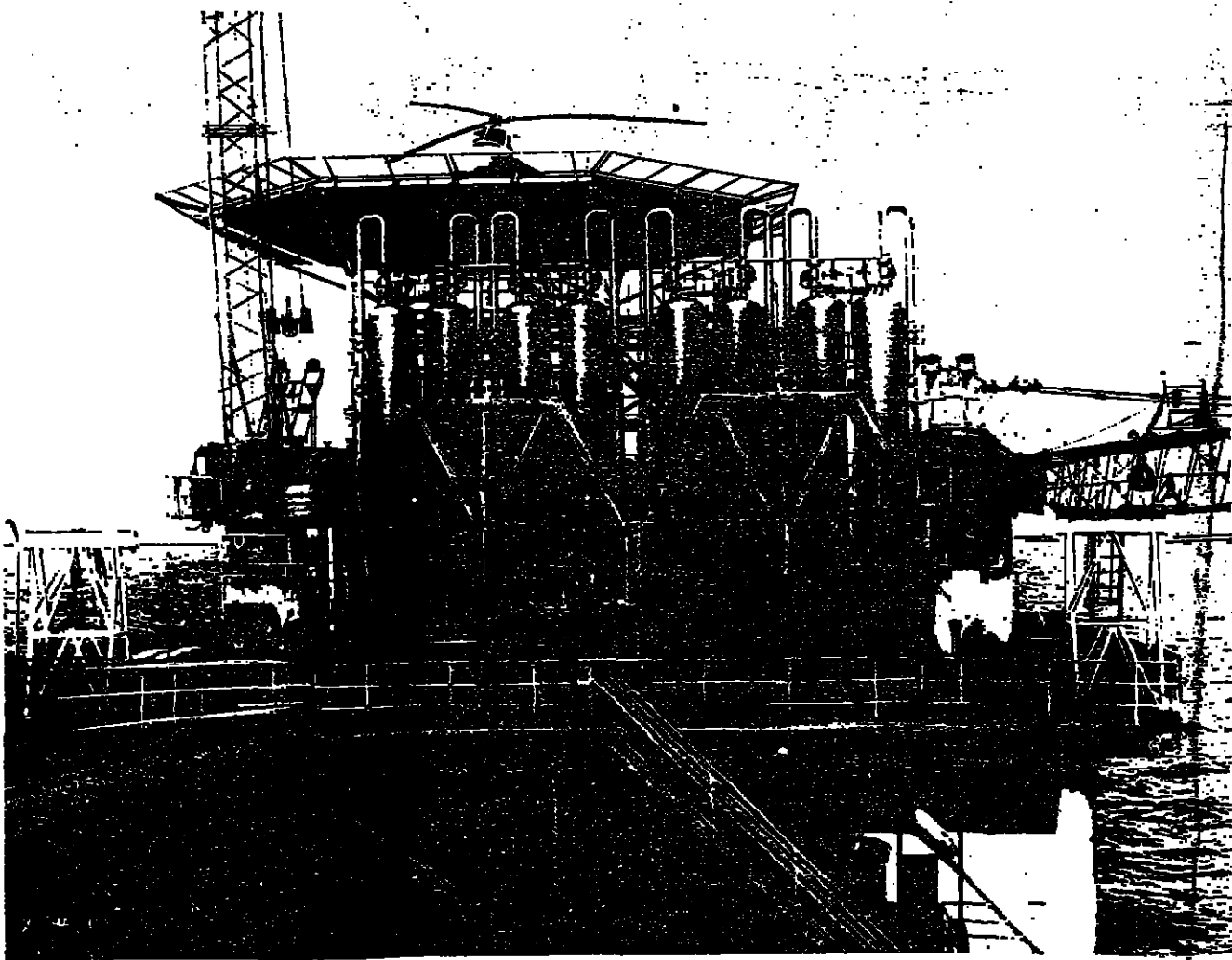


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THE GAS INDUSTRY II

Plans to husband supplies

THE HINT last week that British Gas Corporation may well pay oil companies to conserve gas reserves is perhaps evidence of the happy state of North Sea resources. It also shows that the gas industry is prepared to implement its own depletion policy.

The arrival of the first contract quantities of gas from the big Frigg Field and the promise of more new supplies from the Brent Field within the next two years or so present both opportunities and problems.

As a result of the development of these two fields the Corporation should see its supply of natural gas rise from the current rate of 4bn. cubic feet a day to around 6bn. cfd early in the 1980s. Initial sales of the Frigg gas are said to be progressing as planned. However, unless there is a recovery in the economy generally there must be some doubt about the ability of British Gas to place all of the 6bn. cfd, particularly if they stick to the principle of confining sales to the premium market wherever possible.

Hence it is possible that the oil companies may be asked to reduce the supplies of gas from some of the more established fields in the southern sector of the North Sea. Provision for this already exists under the "take or pay" clause of supply contracts. The Corporation will continue to pay for the gas irrespective of whether it is supplied or conserved.

From the Corporation's viewpoint this method of energy conservation must be an attractive one, although after a two-year postponement in production it will face the prospect of "rebuying" the conserved gas. The price it pays as a monopoly buyer for gas from the southern sector is appreciably less than the cost of gas from the more northerly (and thus more expensive-to-develop) reservoirs. The Corporation steadfastly refuses to disclose the prices it pays, but unofficial reports put the cost of Southern Basin gas at around 2p to 3p a therm.

Insurance

By paying for the gas now and taking it at some future date, the Corporation could be giving itself some insurance cover against inflation. There is, I understand, no provision for British Gas to pay a second time when it decides to accept the postponed supplies. Whether the oil industry is happy with this arrangement is a moot point.

The U.K. Offshore Operators Association, in a report discussed at last week's Energy Commission meeting, complained that prices paid or offered to the producers of most of the gas reserves in the North Sea were only a fraction of those needed to justify continued exploration and the installation of new capacity. As a result of this so-called underpricing, the exploration for gas had been discouraged. British Gas might argue, however, that oil companies should be satisfied that they will have uninterrupted cash-flow irrespective of the depletion policies.

Be that as it may, it seems certain that the offshore industry will be able to negotiate more favourable rates as they are forced into deeper waters and British Gas finds itself needing to maintain supplies in the late 1980s and 1990s. To some extent this pricing movement has already been reflected in the Frigg and Brent contracts.

There is another way the Gas Corporation can influence the depletion rate of offshore reserves—by taking greater control of the gas prospecting. There is a notable example of this in the Irish Sea where the Corporation is almost the lone prospector. It has found one major reservoir named the Morecambe Field, off Blackpool. It is officially described as potentially significant with evaluation work still proceeding. Unofficially, however, it is said to be on a par with some of the larger fields in the southern sector of the North Sea: reserves of at least 2,500bn. to 3,500bn. cubic feet have been mentioned.

As British Gas is the sole operator in Morecambe it can defer development until the gas is needed onshore. It may, for instance, decide at first to exploit the field slowly, to provide a more balanced flow through the inland distribution system and to cope with periods of peak demand.

Later, the partly depleted reservoir might be used as a storage facility at times when North Sea production exceeds demand. Much depends on how the Government and the oil industry tackle the problem of



associated gas in oil fields of the North Sea. The U.K. Continental shelf. This involves controversial plans for building an ambitious pipeline network in the North Sea.

The Government and a group of private and State-owned companies are studying ways of harnessing gas reserves which might be flared and wasted under some form of collection system. Ideas now being examined include the offshore liquefaction of associated gas perhaps through facilities capable of being moved from one field to another, and the conversion of gas into electricity for transmission to shore.

Both of these schemes might be implemented in isolated cases but the mainstay of gas collection is likely to be a gathering network of pipelines. Last year consultants Williams-Merrz recommended to the Government a £2bn. system capable of gathering 1.5bn. cubic feet a day of gas and 5m. to 9m. tonnes a year of heavy gases (an ideal feedstock for the chemical industry). Williams-Merrz pointed out that these quantities would be in addition to the 2bn. cfd of gas expected to be collected from the Brent and Frigg fields.

Since then there has been a suggestion, discussed by the Gas Gathering Pipelines (North Sea) study company that an even more ambitious collection system costing around £5bn. should be built. Such a network would not only handle gas from the U.K. sector but also carry the hydrocarbons from fields in the Norwegian portion

of the North Sea. The Norwegian authorities are considering their own gas collection network, although it is questionable whether the reserves justify a new pipeline running from the Statfjord Field to the Continent. Dr. Dickson Mabon, Minister of State for Energy, commented recently that as a comprehensive collecting system would cost billions of pounds, it was sensible to see if the Norwegian would share the burden. "Our Norwegian friends have similar problems and it seemed to us sensible that we should discuss with them the possibility of constructing a joint system to collect gas from both sectors," he said.

GGP (North Sea) is due to submit its preliminary report to Government within the next couple of weeks and it seems almost certain that the Energy Department will be urged to sanction at least the first stage of a gathering system. This would involve an investment of around £250m. and entail the construction of spur lines linked to the Frigg and Brent gas lines. In this way gas contained in such fields as Thistle, Ninian, Murchison, Piper and Tartan would be tapped.

There is much more argument about the implementation of further stages; the construction of a completely new trunkline running from the shore to a point north of the Forties field and then branching north in the direction of the Thelma and Brae fields and south to Lomond.

Supplied for domestic purposes in Britain has remained fairly constant for the past decade in spite of an increase of nearly 3m. homes and an "unparalleled" rise in heating standards. The reason is that the gas industry has increased its share of the domestic market from 10 per cent. to 40 per cent. and in doing so has displaced fuels being used at lower overall energy efficiency. "As compared with 1960, virtually the same gross amount of heat supplied is now producing one-third more useful heat," said Sir Denis.

The statistics underline the fact that gas is a premium fuel. Not only is it easily controllable but it also carries to the user virtually all of its potential heat. At present almost 75 per cent. of new central heating installations are gas-fired. Economic Models forecast that by 1988 natural gas will be meeting about 55 per cent. of the domestic sector's energy requirements. British Gas is rightly aiming its marketing effort at the premium fuel sector: the domestic and commercial sectors along with certain specialist industrial applications. However, there are a number of reasons why the gas industry—in the U.K. and elsewhere—is forced to shoot wide of this target. Firstly it needs to balance its supplies to ensure that at times of peak demand, the premium customers do not go short. So a buffer amount of gas is sold to non-premium customers who are willing to buy

on an interruptible basis on the understanding that supplies may be suspended in an emergency or on cold winter days. Secondly, the gas industry's own supply contracts fixed with producing oil companies, may force it to sell larger quantities than the premium market justifies. There is concern in the U.K. that this might happen if an ambitious gas-gathering pipeline network is built in the North Sea (a scheme possibly costing over £5bn. is now being discussed). Oil companies are already complaining that gas surplus to premium market requirements, is being sold to industry at a cost which is pulling down oil product prices.

Critics
This touches on the thorny problem of gas prices, one which is troubling both the U.S. and U.K. Governments in particular. As a premium fuel which, before too long, will have to be replaced by SNG, natural gas deserves a premium price. Fuel industry critics of the gas sector—those come mainly from the coal and electricity sectors—complain that gas is being sold too cheaply. They have urged the imposition of a "gas tax" so far unsuccessfully.

The Working Document on Energy Policy, produced recently by the Department of Energy, spells out the dilemma. The Government has a duty to Mr. Anthony Wedgwood Benn

British Gas is among those sceptical about whether such an ambitious and costly proposal is justified, although it appears to be a good deal of political sympathy with the idea. Its prospects would certainly be enhanced if Norwegian gas could be collected as well. However, this presents a further problem. Norwegian gas producers would probably not wish to sell to the Gas Corporation—certainly at price levels now pertaining—but would prefer to sell to the more energy-hungry Continental market.

Solution

There is a solution to this problem, however. The idea now being floated is that the Norwegian share of the gas should be carried down a new land trunkline from Scotland to the south coast of England where it would be piped to France or Belgium via a new cross-Channel link.

It might be possible to export North Sea natural gas liquids to the Continent in the same way. The construction of cross-Channel pipelines, not favoured in the past by British Gas, could be useful in future years. For the North Sea reserves begin to expire Britain may be able to import gas and gas liquids from the Continent which in turn may be fed increasingly by Russia and Middle East producers.

This possibility is recognised in the Working Document on Energy Policy published by the Department of Energy for discussion also by the Energy Commission. But the question remains: will large quantities of gas be available on the international market when North Sea supplies begin to run out?

Department of Energy officials believe that on the basis of 25,000bn. cubic feet of gas remaining offshore the U.K. gas supply should be receiving sufficient to meet domestic demand until at least the mid 1980s. 80,000bn. cubic feet is taken as the level of remaining reserves and this is quite possible—self-sufficiency in gas may remain until the beginning of the next century.

The task now facing Government, the gas industry and the oil companies is the formulation of a fair depletion policy that rewards the producers but ensures that the gas is directed towards the premium market. The Working Document maintains that this may now consume around 3bn. cfd by the early 1980s the figure might be nearer 4bn. cfd. At time goes by there will be further growth to about 5bn. cfd. But even this higher figure is below the level at which supplies will be coming ashore in 1982.

It would be in the interest of no one, save perhaps the price takers, for a rapid depletion of reserves at around the cfd (and this would be possible). For the value of natural gas would be debased in the non-premium sector, and the Continental shelf would be depleted of valuable reserves more quickly than necessary.

Ray Datta

Sums

CONTINUED FROM PREVIOUS PAGE

says, to ensure everyone can afford adequate heat and hot water at home. Industry's needs should be fulfilled at a price which reflects full cost and has regard to the long-term availability of various fuels. Finally the consumer should have freedom to choose between fuels purchased at a "minimum price" which reflects economic cost.

Taken separately, these arguments make sense. When combined and applied to energy pricing now that is continuing in the State-owned power industries they are more difficult to put into practice.

Maybe the problem will be solved for now that the North Sea has moved into more hostile northern waters the North Sea for its fresh supplies, it is being forced to higher prices itself. When prices are now being linked to the rising cost of oil, the gas gathering system will involve considerable capital expenditure.

It is wrong to expect prices to be raised merely to cause a competing fuel industry to be losing a market battle. On the other hand it is right to expect the gas industry to confine its sales to the premium market, to ensure economic rates and to be prepared for the day when SNG will have to be manufactured from coal at the high costs that will involve.

Spill reports

THE GAS INDUSTRY III

Preparing for the future

THE GASWORKS, where coal was transformed by chemistry into a gaseous fuel, almost disappeared from British cities in the 1960s. But the odds are that "gassworks" will reappear...

When this will happen is a matter of some dispute. But this does not affect the basic argument that if Britain is to appear from British cities in the 1960s...

with the U.S. Energy Department to build a plant making about 60m. cubic feet of SNG daily—enough to supply a community of about 100,000—from a feed of about 3,800 tonnes of coal.

Leatherhead laboratories of the National Coal Board. The rapid progress NCB scientists have made during the 1970s has been reviewed by Dr. Joe Gibson...

Rivals

The slagging gasifier, first proposed by U.K. gas industry scientists back in the 1930s, is seen in some circles as rather old-fashioned coal conversion technology. But a point made by British Gas...

Turbine

The residue, although depleted in hydrogen, still has a high calorific value and is easily handled. Fed into a gasifier of some kind, such as a fluidised-bed combustion system...

Transport prospects

SINCE TRADING in liquefied natural gas started some 14 years ago the growth in the number of ship carriers has been rapid. At present it has some 180-185, and 6.8m-13.2m cubic metres per day of SNG...

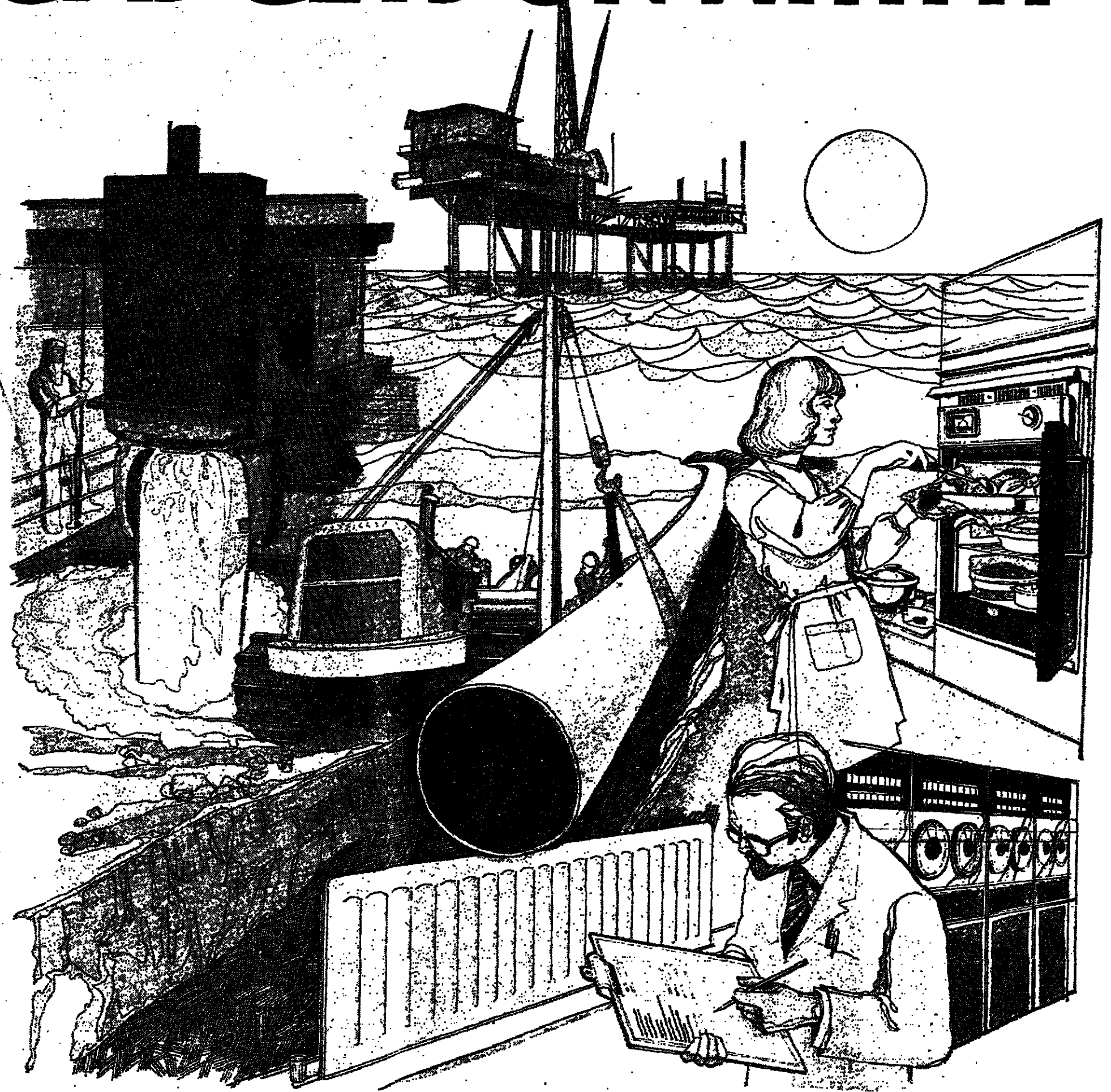
This technology is at the heart of a full-scale demonstration planned by Conoco Coal Development Co. in eastern Ohio, which it expects the U.S. Department of Energy to help fund.

Britain, too, has its more advanced coal conversion technologies, now in pilot-plant stage at the Stoke Orchard and

Meanwhile, British Gas is exploring the fluidised-bed type of gasifier for the simpler task of gasifying the heavier types of oil. If it succeeds, this will be a major extension of its

David Fishlock Science Editor

GAS GETS ON WITH IT



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ACHIEVEMENT

Putting Britain's natural gas to work efficiently and economically for the nation has been one of the outstanding engineering and marketing achievements of our time. It has involved building a complete new natural gas industry...

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BRITISH GAS

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Independent

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None of the Algerian orders have yet been dedicated to individual projects, though CNAN's objective is to provide up to 50 per cent of all carrier capacity required in projects originating from Algeria. This represents a massive potential fleet...

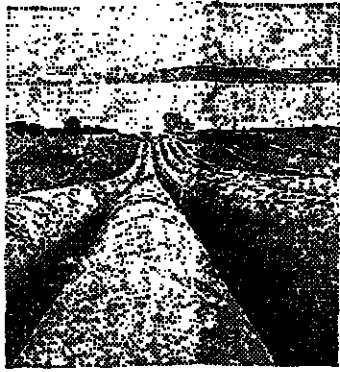
David Freud

THE GAS INDUSTRY IV

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Land & Marine lay and bury the underwater pipelines that carry the gas to industry and homes. In October we successfully completed our sixth crossing of the Forth Estuary with a 900mm welded steel pipeline 5.1 kilometres across the Estuary for British Gas. Previously, we brought ashore all the natural gas pipelines from the Frigg and Brent fields—and this Summer from Ireland's Kinsale field. In fact, Land & Marine have handled the landfalls of all but one of the gas and oil pipelines from the British sector of the northern North Sea. We have also taken the gas pipeline grid across 30 estuaries and rivers in Britain. Our worldwide activities include: design and construction of sealines, offshore oil terminals, estuary and harbour crossings, and



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Marketing policy guidelines

BY 1985 the British Gas Corporation expects to have built up sales from the current level of 14bn. therms a year to between 18bn. and 20bn. This increase will take place against a background flow of "save it" propaganda, encouraging both industrial and domestic users to be more frugal in their consumption of all types of energy.

So the corporation will have to be aggressive in its marketing. The market place has also changed. For some years since the oil crisis, the main competitors for gas have gone up quite steeply in price. The indications are that this will now change because the failure of the world's economies to pick up and the relative sluggishness of industrial activity has left big surpluses of both oil and gas.

Yet the corporation is also duty bound to get the best possible return for the U.K. on its natural gas resources. There can be no question, for example, of frittering away the U.K.'s gas reserves by using gas to fire power stations which tend to be only 30 per cent. efficient. This has happened in the U.S. and in France, leaving those countries short of natural gas as a result.

Therefore, the primary feature of the corporation's marketing plan will be to sell gas for premium applications where the full value of its characteristics—cleanliness, controllability, reliability of supply and so on—can be realised.

Undoubtedly the best use for natural gas is in the domestic market which represents somewhere between 40 and 45 per cent. of gas sales as measured in therms, taking 6.2bn. last year. Expansion here is largely determined by demand for central heating systems. In turn this is dictated by the level of new housing starts and the cash local authorities have available for modernisation schemes.

Between 500,000 and 550,000 new gas central heating systems have been installed each year for the past few years with around one-third of them being supplied by the Corporation itself. The central heating market has remained buoyant in spite of the severe recession in the building industry and the Corporation expects 550,000 systems to be installed in 1977. By the mid-1980s the market

will be saturated. The Corporation expects to have 80 per cent. of the domestic central heating market in those areas with gas supply (75 per cent. overall). The marketing policy here is to concentrate on filling in the gaps in areas with existing gas supply. Capturing those dwellings which do not have gas because of some decision years ago, or those with a supply connected but not used. There is no intention of making un-economic sales in rural areas where there is no existing transmission system.

The domestic market accounts for about 13.25m. of the Corporation's 14m. individual customers. The commercial sector provides around 700,000 and the rest are industrial customers.

Inroads

Gas has a low share of the commercial market where heating oil comes into its own. In general, the public sector part of the commercial market, the schools, universities, hospitals and so on rely on big, oil-fired boilers for their heating. But in the smaller commercial premises the Corporation hopes to make some inroads and cut the domination heating oil has maintained.

Sales of gas to industrial users have shown the sharpest growth over the past decade. But, again, the Corporation insists it has concentrated only on the premium market where the efficiency of gas can best be used—such as in process work or heat treatment applications.

The Corporation also expects to make some impact in the petrochemical industry by providing gas for use as a feedstock. But success here is dictated by the availability of feedstock from the oil companies and world prices rather than U.K. prices alone.

Industrial contracts tend to be "one-off", individually negotiated between the Corporation and each customer. Any contract for the supply of over 100,000 therms a year is negotiated separately, under that amount the customer pays the fixed-tariff rate.

The Corporation cannot base its charges for gas on industry supply. Apart from anything else, it would be difficult to

isolate the actual cost, given that the transmission network has been established for so long.

And if the Corporation did not operate a market-oriented policy the U.K. would not get the full value of its natural gas resources.

The problem for the gas salesman in the industrial sector is that the competition, processed oil, comes in various styles which are all differently priced. Gas must match the various prices if it is to achieve any expansion in industrial usage but salesmen must remember at the same time that the Corporation has no intention of "trading down" to non-premium parts of the market.

However, this has not prevented some of the oil companies complaining that the Corporation has been very aggressive in its sales policies and has been impinging on parts of the industrial market which in the national interest should be left to oil.

These clashes have occurred over what the Corporation calls "interruptible gas supplies." The Corporation uses "interruptible" contracts as a method of balancing supply and demand. And for the industrial customer they offer a chance of dual sourcing, of getting the best bargain in fuel prices. However, in this area gas is normally battling with heavy fuel oil.

The pressures on the Corporation to increase sales of interruptible supplies should diminish as it finds other means of balancing supply and demand requirements and optimising the operation of the transmission system. In particular, arrangements could be made to store North Sea gas in depleted wells or in salt caverns.

And Sir Denis Rooke, the Corporation's chairman, said recently the BGC might pay oil companies to leave gas reserves under the North Sea as part of the self-imposed depletion policy.

The problem will also be relieved to some extent by the fact that any funds in the Irish Sea belong to the Corporation itself and there will be no contracts, as at present, with oil companies guaranteeing those companies a certain output by BGC.

One of the recent major contracts signed by the Corporation was for the supply of more than 100m. therms a year to the British Steel Corporation's direct reduction plant at Hunterston which is in the final phases of completion. (There have been some doubts voiced, however, whether this plant, to make pellets from iron ore to feed steel-making furnaces, will be brought on stream immediately it is finished. The pellets

are not competitive in price with ferrous scrap because the recession has pushed the cost of scrap down to very low levels).

The Gas Corporation claims to have negotiated reasonable terms with the BSC for Hunterston because the direct reduction system to be employed there must be gas-fired. The Gas Corporation's most important industrial customer is Imperial Chemical Industries and the contract between these two organisations was renegotiated at the end of October this year.

Bargain

The 15-year contract had been signed in 1968 and involved the supply of 800m. therms of gas a year and was valued at £250m. When it was arranged, ICI had some doubts about the wisdom of the move, but the oil crisis and the five-fold increase in oil prices transformed it into an extraordinary bargain.

But the contract proved to be almost a fixed price agreement and its provisions for some escalation in later years brought only a marginal increase for the Corporation.

Pressures for a change in the contract came from outside ICI and the Corporation. The contract gave ICI access to cheap supplies of ammonia, used for

the production of fertilisers, and this created severe distortions in the U.K. fertiliser market (ICI being bound by the Price Code to relate prices to cost). The rest of the fertiliser industry lobbied the Government extensively asking that the contract be changed.

Meanwhile ICI itself realised that the end of the contract was fast approaching and that it would then face an enormous jump in the cost of gas. And the Gas Corporation, while determined never to renege on a contract, was not particularly happy to see the profitability of this one fast diminishing.

In the event, ICI and the Corporation—after hundreds of hours of negotiations—reached an agreement which they said "will lead to a substantial increase in the price in recognition of the impact of inflation on British Gas costs."

It has not been possible for some years to get a long-term fixed price contract from the Corporation. New industrial customers are offered a three-year contract which includes a formula allowing for some price increases to take account of rising costs. The contract would also include an option for renewal at a fixed price for 12 months at the end of its first three years of life.

Kenneth Gooding
Industrial Correspondent

Conversion a triumph of organisation

BY THE TIME British Gas Corporation's massive programme to convert the country's gas appliances from town gas to natural gas was completed earlier this year, Sir Denis Rooke, the chairman, was prepared to describe it as "perhaps the biggest peace-time operation in this nation's history."

Such a stirring description perhaps fails to do justice, however, to some of the horror stories that emerged, especially during the early days of the conversion campaign, or to some of the scattered tales of human misfortune occasioned by the arrival of a gas conversion squad in a particular locality. For many months the conversion campaign, which got under way in 1968, was one of the more alluring targets for public cynicism and attack.

As Sir Denis Rooke himself admits: "Inevitably in an exercise of this magnitude, a small number of tragic and regrettable accidents occurred, and these led to all sorts of quite unfounded fears about the safety of natural gas." Indeed the public doubts built up into a crescendo of concern. There was a series of minor explosions. From across the country came an apparent wave of complaints about the standard of workmanship, about the wrong parts being delivered for particular appliances, and about salesmen seemingly coercing customers into buying new equipment on the pretext that the old equipment could not be converted.

Doubt

This surge of public doubt culminated in a Government inquiry under the chairmanship of Professor Frank Morton. After several months' examination of the safety of natural gas as a fuel on the one hand, and of the efficiency and conduct of the conversion programme by the Corporation on the other, the Morton report was finally published in July 1970. Its verdict gave clear backing to British Gas. It showed conclusively that natural gas was, if anything, safer overall than the town gas it replaced, a fact that has since been confirmed by another Government report.

The number of accidental deaths due to gas has fallen to one-tenth of the figure prior to conversion. Most important for the Corporation was that it was allowed to continue with the conversion strategy it had first formed more than four years earlier. Now, in retrospect, it is perhaps a measure of the ultimate success of the conversion programme that it has recently been completed—the project was formally ended on September 1—with hardly a dissenting voice. The early public image of the campaign has served to mask the scale of the operation, and its success, for the bare statistics of what has been achieved are indeed impressive.

More than 13.5m. premises had to be visited, and two or three times at least. Some 35m. appliances had to be converted with perhaps 200m. burners and there were 3,000 different

domestic appliance models to convert. In the words of the British Gas chairman: "The logistics of conversion—the detailed intelligence gathering of survey, the sectorisation, the precise planning, the army of converters—certainly had all the hallmarks of a military operation."

The final cost of the operation was around £600m., which, if inflation is taken into account, is below the first estimate for the scheme made in 1966 of £400m. Over and above this total, however, it is necessary to include the value of gas-making plant which became prematurely obsolete because of the advent of natural gas. This calculation brings the combined cost of the operation to more like £1bn.

Task

According to Sir Denis Rooke, "The whole of that sum will have been written off against revenue by the end of the current financial year." The entire job will have been paid for out of the income received from customers without central subsidy. Other countries have not always been so successful and conversion elsewhere has often entailed major financial re-structuring and, in some cases, bankruptcy.

Given the size of the task, the programme of gas conversion in Britain has been completed with comparative speed. Holland required 44 years to convert its 2m. users—about the same number as those converted in the North Thames Gas area alone. Japan is expected to take 12 years over its 5m. customers, and in Hungary the work in Budapest alone is to be spread over 15 years.

The decision to carry out such a massive programme of conversion in Britain was taken in 1966, and it finally got under way in 1968-69. In that year some 400,000 conversions were completed. At its peak in the early 1970s the programme built up to a rate of about 2m. conversions a year involving all 12 gas regions at the same time.

When the first decision to go ahead was made, the choice was not altogether clear-cut. The industry was still in the process of another major technological revolution, the change from coal to oil as the basic material for town gas production. A lot of investment had gone into the building of reforming plants, some of which were only a few years old, while others had only recently been commissioned and some were still under construction or at the planning stage. The short-term solution that presented itself was to adapt these plants to use natural gas as a feedstock, and indeed some were converted in this way as an interim measure.

sales and promotion campaign operating costs of reforming plants compared favourably with the old coal-fed gas works. British Gas expected that the availability of more sophisticated gas appliances had led to a speedy growth in the installation of gas-fired central heat-

ing. The use of natural gas merely reforming plants was given a new lease of life. The use of natural gas in the reforming process is wasteful, new plant would also have had to have been built in many parts of the country. Such an option would have required major compatible with the need for investment, and though the energy conservation.

CONTINUED ON NEXT PAGE



Oil and Gas—the complete picture

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APPLIA LITA

THE GAS INDUSTRY V

Rewards for conservation

SINCE THE early 1960s gas has been pushing its way past competing fuels to gain a dominant position in both industrial and domestic markets. And as benefits the country's fastest growing fuel supplier British Gas has taken on perhaps the leading role in the energy industry as an advocate of conservation.

It is not a stance adopted merely from motives of altruism; it is as much a product of enlightened self-interest. Conservation and fuel management have become inextricably caught up with the marketing, sales and promotion of all the various fuels. With a product that has essentially been in limited supply British Gas has been well-placed to promote the premium qualities of its fuel and it was natural that the sales link should be made between conservation on the one hand, and the great gains in efficiency on the other, that can be made by careful and resourceful use of gas.

Advisory services of one sort or another are a factor common to all the supply industries, but British Gas's approach has been the most sophisticated. In leading the priorities for putting over the conservation message the Corporation has placed the industrial market firmly at the top of the list. Industrial customers take more than 40 per cent of all the gas sold by British Gas, but the most selling factor is that out of nearly 14m. gas customers, a mere 70,000 consume nearly half of the gas sent out, which makes industry the most accessible sector served by the Corporation.

Domestic

As Sir Denis Rooke, the chairman of British Gas, pointed out recently: "A 10 per cent saving in a single large industrial customer represents a lot of gas; much, perhaps, as the total consumption of several thousand domestic customers." The message of combining efficiency and conservation in industry is illustrated by the Gas Energy Management Award which the Corporation introduced last year. It provides a graphic illustration of the scope of making energy savings that exist in industry (and it proceeds, along the way, many examples of the inefficiency of current production methods). The GEM award is presented annually to the partnership of company and Gas Region technical consultancy service which, initially, is judged to have made the most significant contribution to the efficient use of gas and, therefore, towards energy conservation. The Corporation's

technical consultancy service grew up during the period when the old manufactured town gas was a high-cost industrial fuel, which in many cases, could only be made competitive by the achievement of high thermal efficiencies. It was further developed during the prolonged conversion programme to natural gas—which ended this year—and now enables British Gas to offer industrial users advice and practical help on gas utilisation, combustion plant design, safety requirements and maintenance.

During the past 12 months the consultancy services were used by more than 800 industrial customers. Of these, 18 progressed to the finals of the GEM award, and taken together they bear eloquent testimony both to the savings that can be achieved and to the energy that is clearly being wasted by industrial, domestic and commercial users all round the country. The 18 companies achieved savings amounting to almost 7m. therms of gas a year—enough to meet the total energy requirements of a community of 40,000 people, a town the size of Canterbury. The investment needed to achieve such a saving is minimal when considered in terms of the pay back period.

The winning company this year was Vauxhall Motors at Ellesmere Port. It has embarked on an energy saving programme that will eventually save more than 500,000 therms a year, and in one part of the project, where the company has switched to a new design of burner and heat exchanger, individual plant fuel savings of 50 per cent have been achieved. Of the overall saving some 80 per cent will be achieved by low cost plant modification with a payback period of less than six months, and for the rest the payback period will be about one year.

The 7m. therms of gas cut from the fuel bills of the 18 companies represents about 9 per cent of their total gas consumption. Based on the current average revenue per therm of gas this amounts to a money saving of well over £800,000 a year. The total energy bill for British industry is some £8bn. and British Gas is quick to emphasise that if only half of the overall savings achieved by the 18 companies was reflected across the whole of industry, the total saving would amount to about £270m. a year.

Sir Denis Rooke is clear as to why British Gas is so busy trying to conserve the fuel it is also trying so hard to sell in increasing quantities. He sees no paradox. "We must avoid the danger of becoming complacent, frittering away these resources by careless use and ignoring the lessons of the future. The very abundance of North Sea energy will make it much harder to get people to take energy conservation seriously." British Gas has sufficient reserves to meet the needs of all its premium customers at least to the end of the century, but it is intent on following a marketing strategy that contrasts sharply with policies followed by some other gas-rich countries.

Unlike the U.K. some other gas producers have tended to use gas more indiscriminately, in premium and non-premium applications alike. The Gas Corporation, however, is now talking of prolonging the life of North Sea gas as far as possible into the future "even if this means paying for some gas now but leaving it under the sea for the future, instead of selling it to non-premium markets."

But its present conservation campaign and advisory services are chiefly aimed at enabling companies to gain the same results by burning less fuel and to save money into the bargain. "If we can succeed in

using energy more efficiently, we will not only conserve energy resources for the future, but we will increase productivity now." Sir Denis Rooke said recently.

At its Midlands research station British Gas has developed a number of devices for industrial use aimed at finding more efficient ways of using gas. Some have proved to be capable of reducing energy consumption by up to 45 per cent in particular applications, with corresponding improvement in productivity and product quality. Examples include self-recuperative burners, improved methods of water tank heating, the use of manometers by an increasing number of companies as a result of conservation initiatives, taken by the Government.

Mr. Peter King, the first head of the school and now the special projects manager for sales, had no doubts about the need for such appointments. "Too many companies simply do not realise the implications of the energy situation. We have been astonished to find that a number of manufacturers in this area. But perhaps British

Gas's most notable claim to be at the head of the conservation cause is based on its initiative to set up the School of Fuel Management at Solihull. It started by offering short sharp courses for top management, together with longer, intensive training courses for operatives in charge of furnaces and other heating plant. In the first year of its operations alone, more than 1,000 directors, senior executives, managers and other representatives of the business world and public organisations attended its courses, either at the school itself or at sessions throughout the country. Subsequently special courses have been introduced for energy managers who have been appointed by an increasing number of companies as a result of conservation initiatives, taken by the Government.

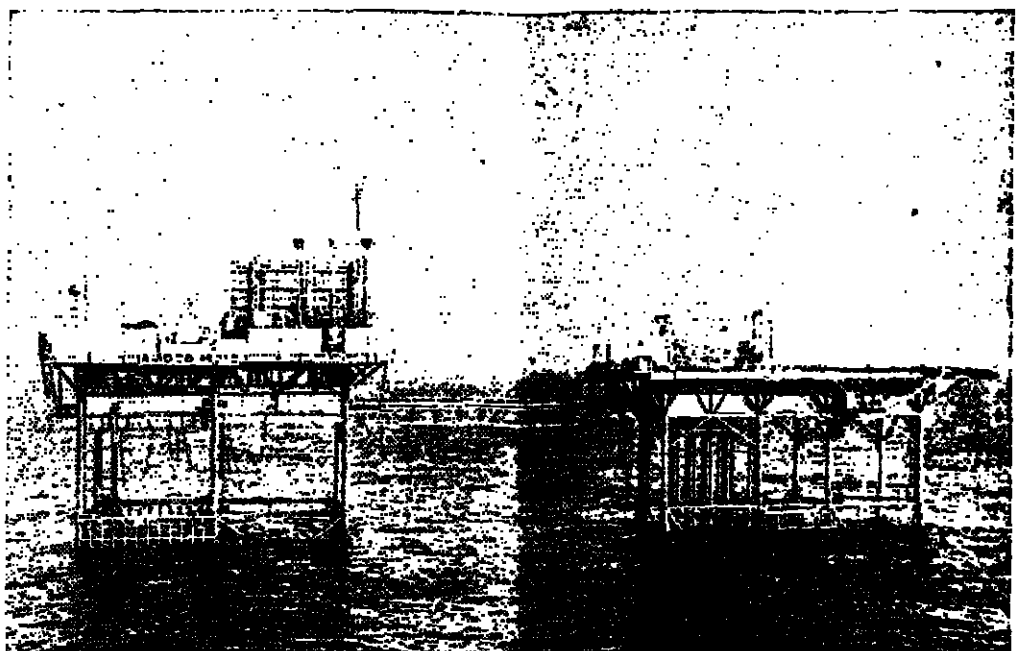
Mr. Peter King, the first head of the school and now the special projects manager for sales, had no doubts about the need for such appointments. "Too many companies simply do not realise the implications of the energy situation. We have been astonished to find that a number of manufacturers in this area. But perhaps British

they pay for their fuel, or how things from shops and offices to hospitals, schools, hotels, civic buildings and sports centres, where a 10 per cent saving across the board would amount to more than 150m. therms of gas a year, worth perhaps, £20m. at today's prices. Next year the GEM award is being extended to include commercial users.

In the domestic market the dramatic increase in the use of gas-fired central heating has made a major contribution to overall fuel efficiency, because virtually all the heat in gas is delivered to the point of use. As compared with 1960 almost the same gross amount of heat supplied is now producing one-third more useful heat.

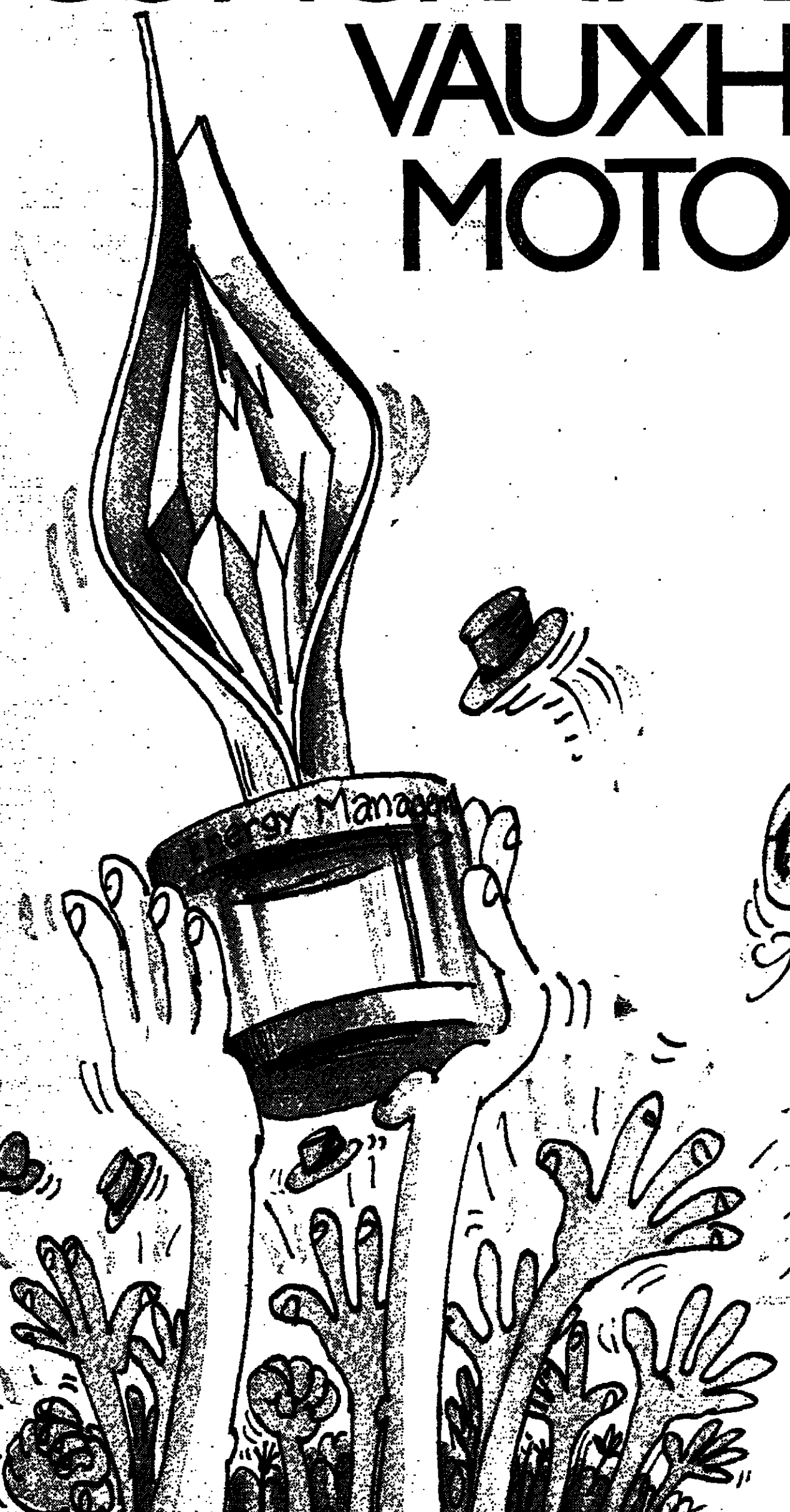
British Gas is also prompting the Government to take further initiatives to encourage greater domestic fuel conservation. It is seeking the introduction of monetary incentives to promote better insulation and other conservation measures, such as was done in the early days of the clean air programme.

Kevin Done



A gas platform complex on Amoco Gas Corporation Group's Leman field in the North Sea. On the right is the platform containing 12 gas production wells.

CONGRATULATIONS VAUXHALL MOTORS!



Vauxhall Motors of Ellesmere Port have made enormous strides in fuel conservation.

As major industrial consumers of gas, they have significantly improved the efficiency of their gas-using plant and achieved dramatic fuel savings.

This year, on their heat treatment furnaces alone they have reduced fuel consumption by 56%—from 115,000 to 50,500 therms per year, and greatly reduced maintenance and replacement costs by changing to a new type of burner. When present work has been completed there will be a total saving throughout the plant of 600,000 therms annually.

These savings are the outcome of close co-operation between Vauxhall and the North West Gas Technical Consultancy Service. And it's made them this year's Gas Energy Management Award winners.

The G.E.M. Award is made every year by British Gas to the company and Regional Technical Consultancy team who, working together, show the most successful increase in gas-using efficiency. There were seventeen other finalists this year, and all won substantial prizes of higher plant efficiency and fuel saving.

If you're interested in running your plant more efficiently, or are looking for expert advice about installing new plant, or changing fuels, call the Technical Consultancy Service of your Gas Region or send in the coupon below. A preliminary chat is quite free. It could save you a lot of money.

And—who knows!—win you the G.E.M. Award next year.

To: British Gas Dept. 739, 326 High Holborn, London WC1V 7PT.

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BRITISH GAS

Conversion

CONTINUED FROM PREVIOUS PAGE

But perhaps one of the most important considerations weighed by British Gas was that expansion in demand had already begun to place a strain on the industry's storage and distribution facilities, particularly in London and other major areas. The Corporation faced a prospect of a major programme of mains replacement which would have involved an enormous cost. Natural gas, on the other hand, has double the thermal energy value of town gas, and offered the obvious prospect of putting a great deal more energy through the existing distribution system combined with a doubling of the effective capacity of existing storage.

The option of building additional reforming plant along with the cost of mains replacement and the building of new storage facilities was expected to involve the investment of £2bn. Conversion, on the other hand, along with the writing of plant was costed at £300m. The event of the cost of the conversion programme totalled £1bn., but British Gas states that the cost of the alternative scheme would have risen with inflation to about £2bn. Government sanction for the project was given and a pilot set to test the practicality of conversion operation was led out on Canvey Island in Thames Estuary in 1966 using liquefied natural gas imported from Algeria.

Placement

Like most other countries, Britain has gone through the conversion process. Britain used the concept of supplying sets of component parts that could be fitted to an appliance in situ. In all other conversion programmes around the world the aim has been to remove appliances from homes and to modify them in mobile shops in the locality. The technical standards of the conversion programme and the operating targets were initially set by what was then a Council, but the detailed planning of the operation was the responsibility of the 12 area

Boards. Ten regions opted to use conversion contractors and the programme demanded a heavy involvement by appliance and equipment manufacturers. The largest single contractor undertaking domestic conversions was William Press the engineering contractor, which included London among its major tasks. That contract alone involved 400 men with 110 vehicles, to convert 700,000 appliances owned by 300,000 customers.

Kevin Done

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ELECTRONICS

Tape heads with high sensitivity

A SUCCESS has been announced by the Eindhoven Laboratories of the Philips organisation in the development of magnetic tape heads of exceptionally high sensitivity compared with conventional inductive reading heads, offering constructions which are much less sensitive to amplifier noise.

Read-out of information on magnetic tapes and in bubble memories is the area of application of the company's new magnetostrictive heads (MRH) which rely on the well-known principle that the electrical resistance of certain metals can be influenced by an applied magnetic field. The principle has, so far, not been used in the current application because of the difficulty of getting a linear response and undistorted reproduction. This the company's scientists have achieved.

At the same time, they have devised methods based on

microcircuit technology of making very small MRH sensors able to detect tiny variations in magnetic fields.

It has also been found possible to combine the inductive writing devices with these more sensitive readers. In contrast with the nickel-iron strips used in conventional MRH units, the Philips design applied bands of gold microscopically across the strip which greatly modifies current flow patterns and helps to achieve virtually linear response.

This barber's pole structure in the combined head is placed in the gap of the magnetic yoke of the inductive write head.

Although the Philips announcement contains the standard disclaimer that the work described refers to laboratory projects only and does not imply a decision to manufacture, it would appear this time that so much has been done on micro-electronic methods of manufacture for the new devices that the step to production can neither be large nor long delayed.

QUALITY CONTROL

Looking at pipe welds

MINIATURISED, a pipeline X-ray crawler suitable for use in both offshore and land-based pipelaying operations spends its working life inside newly welded pipelines under the most arduous operating conditions examining welded joints.

The battery-powered crawler from Incon (Offshore) is an extremely compact and robust mobile X-ray unit which can be directed under remote control to any part of the pipeline being welded. It has a motor capable of driving it safely up slopes of 25 degrees or more and an X-ray unit designed to provide a circular beam of X-rays capable of dealing with steel pipes 16 inches in diameter upwards, with one-inch thick walls.

All the crawler's power is obtained from a pack of sealed

Sonnenschein lead-acid batteries contained in a slide-on pack for easy removal for charging and replacement at the end of its arduous working shift, without taking the crawler itself out of the pipeline.

The crawler weighs about 400 lbs complete with its pack of nine 12 Volt Dryt cells each of 12Ah capacity. The crawler's motor normally takes about 0.5 amps at 108 Volts as it drives up the pipeline slope. During the X-ray mode, battery load may exceed 1000 watts for up to about 10 seconds while a weld is being X-rayed. The complete battery pack can be charged up fully within about 8 hours so that a fresh pack is always ready for use at the end of a working spell.

Incon on 0493 5486.

INSTRUMENTS

Mini tests continuity

A NEW MINI-COMPUTER manufacturer Burnt Hill Electronics has incorporated its BH 6018-bit machine into an automatic continuity tester designed to allow the rapid testing of complex electronic equipment.

Known as the BH 6047, the machine uses two interrelated programs: the first programs the system by interrogating a known good unit and listing all the interconnections; and the second scans the unit under test. Results are then compared and any discrepancies listed on the machine's visual display unit and/or printer.

The scanning unit is programmed to refer to each pin by the reference number used in the wiring schedule. Since any reference number can be applied to any pin, it is not necessary to modify pin numbering when the tester is applied to a new job. The equipment can be considerably adapted to suit customer's requirements. More from 19 Holder Road, Aldershot, Hampshire GU12 4RH (0253 313701).

Frequency analysed

PUT ON THE market by Kemo is the System 797, a frequency analyser which fully automatic input scanning, printer output and oscilloscope display.

Heart of the unit consists of 31 parallel filters covering all the third-octave frequencies from 10 Hz to 10kHz. The input signal is fed to all the filters, the outputs of which are rectified, integrated and stored in a random access memory for display and print-out.

The frequency analysis of the signal is built up continuously as a histogram on the built-in scope and the data is also printed in numerical and histogram form. In addition a second random access memory is used to store the maximum value at each frequency, which is displayed as a fainter, dotted trace and printed out as an additional value after the instrument has scanned round all of the seven inputs that can be accommodated.

More from 9, Goodwood Parade, Elmers End, Bokenham, Kent. BR3 3QZ (01-658 3825).

COMMUNICATIONS

Dymar seeks new markets

AN ANNUAL turnover figure (to September) of just under £2m, 140 per cent exports and an employment figure of 265 have been reached by Dymar Electronics since the company started 14 years ago, based originally on making equipment for other radiotelephone companies but since 1973 expanded by providing relatively complex and complete systems under its own brand name.

A good deal of the company's success has been due to its ability to respond rapidly where some of the majors in the business were unable. For example, it recently provided a system covering the whole of Nigeria involving the provision of 120 fixed stations, each with 150 feet masts — and completed the work in 4 months.

Now, however, the company is turning its attention to the wider mobile radio market with both new vehicle and hand-held units. In doing so it will be making more of a direct challenge to Pye and Storz, behind which it already claims to rank third in turnover terms.

The new vehicle set, called "Alert", is available with six channels for VHF (the model 580) or UHF (the 1050) and offers several advanced options facilities. Selective calling versions save the driver from "listening out" for his call sign and provide both audible and visual warning of an incoming call. The light stays on so that, if he leaves the vehicle he can, on returning, see that he has to call base.

To make the system "individually selective" rather than "vehicle selective", each user carries with him a plug-in match-book size module so that he can use any vehicle and always be

individually called.

A further additional option ("revertive signalling") makes the set respond automatically to the base operator that the correct person has been called.

The problem of the driver leaving the vehicle for some reason or another, leaving base uninformed of his whereabouts, is also overcome by his setting a status button before leaving. There are 10 messages to choose from which could include "attending to a job", "gone to lunch" or even "am being hijacked". If base attempts to contact the vehicle in the driver's absence the status signal is automatically transmitted back. Alternatively, he can transmit such signals while in the car by pressing a button. However, the driver cannot be expected to hurry back to the vehicle unless he knows there is a call waiting for him, and to overcome this difficulty Dymar offers the Alterer, a small receiver about the size of a pack of cards. This unit responds only to the reverting signal transmitted by the vehicle set. The one driver alone is called, according to his code. A "sleeping" receiver, it can be used several hundred yards from the vehicle.

The company has also designed a reduced-sized version of its hand-held set with a carry in the length of the aerial, and has entered the uhf market in this area as well.

GEORFFREY CHARLISH

Microwaves at Leyland

ONE OF THE U.K.'s elite band of private microwave users, Leyland Cars is expanding its existing small system to link all the major sites.

At seven GHz, on the new network plan London will be linked to Cowley which, via one repeater site is connected to Longbridge. The route continues at seven GHz on to Castle Bromwich and Solihull, but is planned to be raised to 13 GHz (a surprise allocation) from Longbridge to Redditch where

the company's computer activities are situated, and another seven GHz link to Coventry where a new 200 foot tower is being built.

The new links will become operational in January and will mean that 48 locations will be in communication by direct dialling, involving up to 6,000 conversations each hour.

At the moment much reliance is placed on the STD network and costs saved should pay for the new GEC equipment in about two years.

PHOTOGRAPHY

Cine camera tracks its targets

HARD ON THE heels of the announcement of an automatically focussed still camera comes the news from Japan that Sankyo Seiki proposes to market an automatic tracking cine camera in January.

Exactly how it achieves this function of continuously tracking a moving object once it has been locked on its not disclosed.

The company says the electronics in the camera measure the distance continuously to the selected object, adjusting the lens settings accordingly.

The unit is an 8mm sound cine design, providing the automatic function from 1.5 metres upwards with instant switch back to manual.

The 1/12 bright lens and 230 degree wide shutter allow the unit to be used in poor light conditions the developer says and has indicated that the launch price will be slightly over \$300.

Sankyo Seiki is at Shimozuawamachi 5329, Suwaygun, Nagano Prefecture, Japan.

The still camera, offered in London recently, is by Kouishiroku on 01-580 5877.

TEXTILES

Aids carpet design

GREATER flexibility and improvements in efficiency in the manufacturing process are two of the advantages of a new type of carpet design equipment now available in the U.K. through John T. Hardaker of Bradford.

Scan Plan electronic computerised colour scanning equipment allows an artist's original design to be transferred direct from eight channel tape to Jacquard pastebord cards, or endless paper cards, and eliminates the use of point paper. Speeds are 60 times those of conventional methods.

John T. Hardaker, manufacturer of textile machinery for over 75 years, will offer Scan Plan units through its Bradford headquarters and will use its network of agents to market them. The company is working in close co-operation with Dainippon Screen Company of Japan, which perfected the Scan Plan system. More from John T. Hardaker, PO Box 33, Bradford BD4 8ST, 0274 28737.



PROCESSING

Simple solar still

IMPROVEMENTS to solar stills embodied in a patent granted to a U.K. inventor could make them highly effective, particularly in arid coastal areas, in the provision of pure water to, say greenhouses, exploration units and so on.

The kernel of the development is the use of a mass of porous material through which the water to be purified rises by capillary action. The inflow of water being controlled to a level below that of the active portion of the mass.

Designs have been established for applying the idea for use on ships or in emergencies on small boats and the problems of scaling etc. suffered by most

types of desalination plants are overcome in this instance by sea water flushing at predetermined intervals.

The water being presented in a thin film throughout the porous mass more easily takes up the heat from the sun inside the glazed structure over the intervals. This can be left as a pile of porous material or as a series of blocks of the material.

There are several ways of making it, the preferred one being to mix hardwood sawdust with plasticised clay or silty material and firing the mixture at 700 degrees C followed by crushing and sieving.

More from T. L. Jackson, 4 Old-Orchard, Byfleet, Surrey.

DATA PROCESSING

Index-link move by Centre-file

WITH THE continuing escalation in building costs, the insurance companies have been keen to introduce index-linked property insurance schemes. Building societies, adopting the schemes, can ensure that mortgaged properties are adequately insured, and borrowers themselves can be confident that, in the event of major damage to their homes, claims will be settled in full.

Centre-file (National Westminster Bank) maintains the accounts of over 70 building societies, and since its inception in 1969, the service has incorporated the facility to debit annual insurance premiums to mortgage accounts as they become due.

With the introduction of index-linked insurance, the calculation of new premiums and the updating of insurance records would be a daunting task for most societies to implement regularly on a manual basis. This is, however, an ideal application for a computer, and in the belief that, in time, many of their customers would wish to adopt index-linked insurance schemes, Centre-file has introduced facilities to cater for them.

For each society operating an index-linked insurance scheme, Centre-file maintains insurance details for up to twelve insurance companies. For each insurance company, the information held includes details of excesses deleted and premium rates for different building types. The index rate to be applied for each insurance company is specified by the building society prior to each run, and is not tied to

WELDING

Spot weld reactor

REACTING to the noises made during spot welding, a feedback controller developed in the U.S. monitors weld quality, and ensures consistent weld nugget size.

The system is said to double electrode life, limit expulsion, and produce uniform quality spot welds which require little or no secondary cleaning.

The acoustic controls are sensitive to the high frequency stress sounds emitted when soft materials are stimulated mechanically or thermally, such as in spot welding. The controller processes the sounds electronically and then monitors, and controls the welding operation with feedback circuits.

Overswelding to attain a sound weld has been common practice in many industries, but leads to problems of wear and maintenance, and high costs. It is claimed that the unit can be used to produce uniform welds when joining materials of different thickness, and when welding coated materials such as galvanised steel. Typical applications are in vehicle production.

Information from the maker, The Welding Corp., 990 Corporate Drive, Mahwah, N.J. 07430, U.S.

An index calculated by any professional association — thus providing flexibility.

Many building societies have yet to decide to adopt index-linked insurance schemes, but Centre-file is prepared for the time when it may become a more generally accepted practice.

More from Centre-file on 01-588 6161.

Paper cam controller

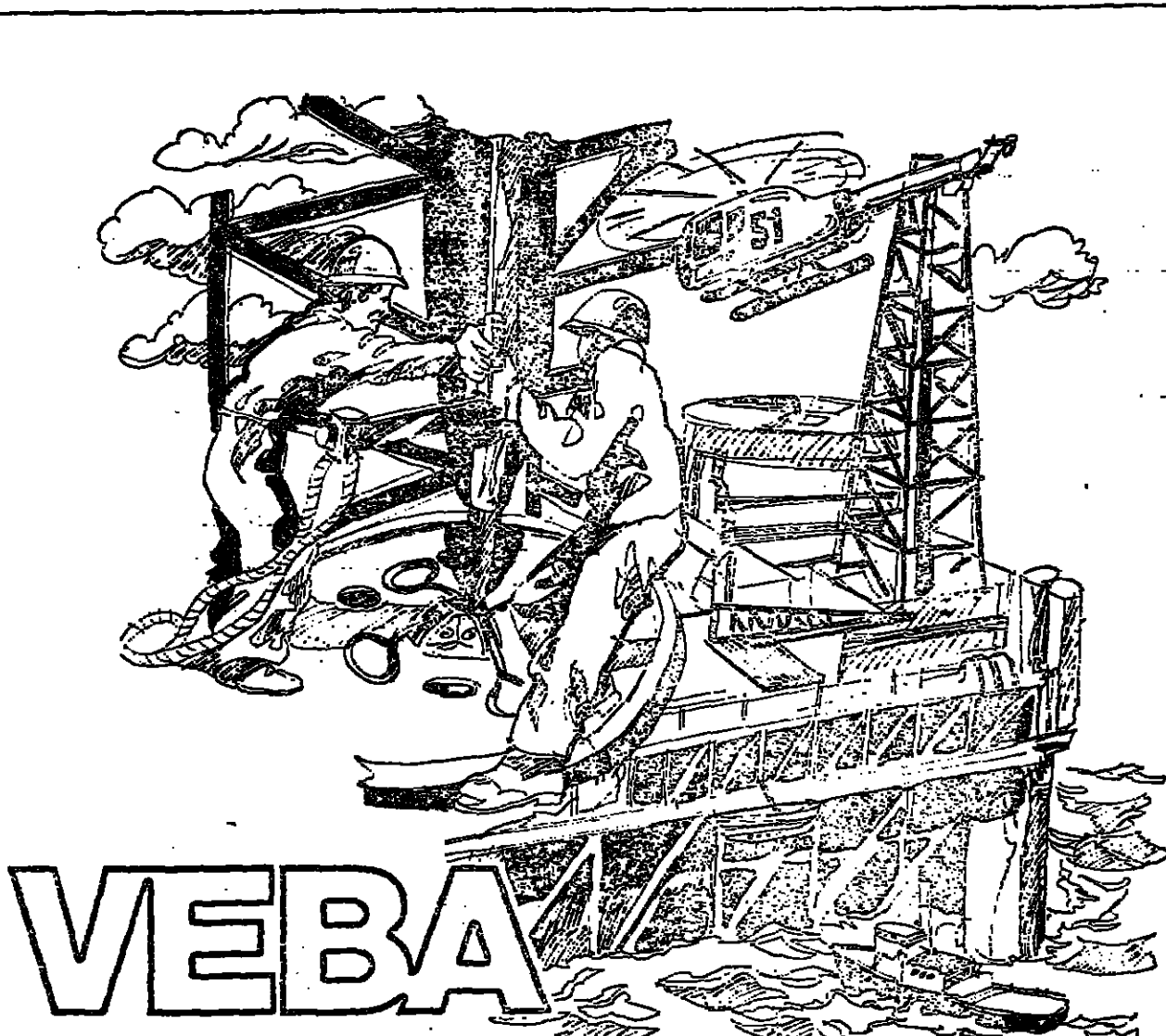
A U.K.-made device called Opticam offered by T. Takaki and Co. is able to provide almost any smoothly changing current/voltage variation over periods of time from two minutes to six hours.

Basically the system consists of a rotating transparent turntable with a light source on one side and a photocell on the other.

Light from the source is collimated by an optical system into a narrow slit beam which is normal to the turntable surface and makes a radial line upon it. Placed on the surface is a paper cam which, when the turntable rotates obscures a corresponding length of the radial line of light. The output of the photocell on the other side varies accordingly.

The maker says that a paper cam can be made in a few minutes using a clamped stylus and moving the turntable on its sliding mounting while it is rotating. Then, the light line protrudes over the edge of the disc giving the same obscuration effect as will be obtained by the resulting stylus-traced cam that will ultimately be used. The photocell output is amplified and can be seen on a meter to make programming easier. More from 139a New Bond Street, London W1Y 9EB (01-498 1354).

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Max Wilkinson on this week's news from Sir Arnold Weinstock

GEC's new Stateside thrust

TRYING to buy U.S. companies involves the same sort of frustrations as trying to buy a new house, according to Sir Kenneth Bond, deputy managing director of the General Electric Company.

He has reason to know, because GEC has looked in detail at more than 50 U.S. companies in the last 15 months; only five were thought to be worth serious negotiation and is yet to purchase in the electrical or electronics field has been made.

"When you go round looking at property, you see lots of lovely houses that you would like to buy, but when you go to the estate agent you find none of the ones you liked are on the market, and the property which is for sale more often than not has something wrong with it," Sir Kenneth says.

"If it is the same in the U.S. there are many businesses there which we would like to own, but the best companies are usually not for sale."

GEC's long-standing ambitions to buy itself a presence in the U.S. \$1bn. electricals market were given extra momentum this week with the announcement that Mr. Geoffrey Cross, the dynamic former chairman of International Computers, has been hired to "scout" for new acquisitions and sort them out.

GEC says there will be no shortage of funds behind him. Mr. Cross seems ideal for GEC's purpose. He is an English-born American citizen who knows the ways of GEC and happens to be moving to California for family reasons.

In his five and a half years at ICL he showed tremendous

management drive in forging together the different pieces from Ferranti, English Electric Computers and the other component parts of ICL. He also made a highly successful—some say brilliant—purchase in the U.S. of Singer's international small computer interests, carrying them off on advantageous terms from under the noses of his big "American" computer rivals.

But the question remains: can Mr. Cross work similar magic for GEC since it has been trying, without success, to buy its way into the U.S. for the last four years? Is there an innate caution at the centre of GEC, an unwillingness to take the necessary risks of large-scale foreign investment which, in spite of its protestations, will frustrate even the mercurial Mr. Cross?

GEC was, after all, talking about American investment as far back as 1973 when it clearly perceived that future expansion must be in "world, rather than U.K. or even just European markets. But since then it has appeared, from the outside at least, extremely slow.

Siemens, GEC's German rival, has, by contrast, been making some substantial purchases in the U.S. recently, and Siemens takes a pride in being cautious in these matters (see this page, September 16).

Siemens's approach and its motives appear, in fact, remarkably similar to those of GEC. Both companies are intensely concerned about the problems of management which arises from a foreign purchase.

As Sir Kenneth says: "A lot of the companies we look at are run by entrepreneurs with

an individual style of management. You may find that after you buy the company the key man leaves, and then you have a big problem. It is not easy to turn round any company which does not have the right management, but it is particularly difficult in a foreign country."

Siemens and GEC are also both primarily interested in acquiring companies which fit in closely with their existing business, and they are wary of buying something merely because it looks as if it could be profitable.

"We are not trying to build up an investment portfolio," Sir Kenneth says. "We want to buy companies which, when they are put together with our present operating units, will make something which is greater than the sum of the parts. We do not want to make acquisitions for acquisitions' sake. If you bought the wrong companies you could easily spend \$250m. and then find you had nothing left when something came up that you really wanted to buy."

Largely theory

So far, however, this is largely theory on GEC's part. Its only major purchase was the Alco diesel engine factory in New York, which it bought for \$45m. in February this year. It also set up a gas turbine factory in Texas in 1972. It has an industrial components operation in Georgia acquired with English Electric in 1968, and an electronics factory in New Jersey. The total U.S. turnover is currently about \$75m., only a fraction of a per cent of the total electrical market.

has started to forge ahead quite fast in the U.S. Earlier this year it bought Litronix, a small electronic components firm. A half share in Allis Chalmers' heavy electrical interests, bought this summer, will add a turnover of about £130m. a year to the existing Siemens £150m. manufacture and sales in the U.S. Only last month Siemens paid \$22.5m. for a 17 per cent share in Advanced Micro Devices, a Californian electronic components company.

This last move is particularly significant because it represents a purchase of technology rather than of market share in this rapidly developing field, in which Europe lags far behind the U.S.

Mr. Cross's appointment indicates that GEC may be ready to follow suit, because he will be based in California, which is the centre of U.S. micro-electronics activity.

Hitherto there has been a major question mark about whether GEC has the will to move into such a risky and volatile business as micro-electronics on an international scale. There have been those who said that GEC's strength was in design and the production of complete systems. According to this view the company can design its own specialised components, have them custom-made and then buy standard components from off the shelf. Siemens, on the other hand is strongly committed to component manufacture, even though it cannot, at present, compete across the board.

Such comparisons can, however, be pushed too far. The history of the two companies has been radically different. Siemens has grown steadily and

organically since the war, while GEC is the product of a series of more or less cataclysmic mergers during the 1960s.

The bringing together of AEI, GEC and English Electric over a wide range of products has absorbed a huge amount of management energy. Sir Kenneth Bond says this process was not fully completed until 1973. "In some cases we were putting together five separate businesses."

The other historical reason that GEC has been slower to look at the U.S. is that most of the businesses it took over already had a world-wide sales and manufacturing profile throughout the British Empire, and felt they could afford therefore to ignore the U.S. to a large extent.

Other big electrical groups like Dutch Philips and Siemens did not have this captive world market, so they were forced to look elsewhere from an earlier date. Siemens has been building up sales in the U.S. since 1950, starting with a small group of specialised products. And it has therefore been able to expand slowly from marketing to manufacture, and more recently to acquisitions.

Allowing for this difference, the way in which the two companies have investigated U.S. purchases is basically similar.

From the flood of possibilities produced by bankers and brokers, the likely candidates are selected and sent to product divisions for further investigation. Product managers have to decide whether they fit into their existing manufacture and development plans. The half-dozen or so companies which survive this sifting process are subjected to a further rigorous



Key figures in GEC's plans for the U.S.: from left to right Sir Kenneth Bond, deputy managing director; Geoffrey Cross, the new recruit; Sir Arnold Weinstock, managing director.

investigation from the centre. "We test every bit of information we are given to destruction point," says Sir Kenneth. "We really do not want to be landed with something which turns out to be no use."

The sceptics still say GEC has been over-cautious and chary of making long-term investments on a ten-year scale, which could dent short-term profits. GEC replies that the period following its reorganisation was not conducive to investment, and that the world recession and the Government's apparent lack of sympathy for industry in the early 1970s made caution a necessity. Now, it says, a policy of overseas expansion is being pushed ahead energetically.

Sir Kenneth says: "We are pushing our product managers outwards from the U.K. Mr. Cross will add an extra element. He will be pulling from across the Atlantic." GEC has recently hired Mr. Graham Odgers from the Department of Industry to help advise on American acquisitions, and announced the appointment of Mr. Ronnie Grierson as chairman of its New

York holding subsidiary. His pressing level of U.S. stocks. One of the other key remaining questions, perhaps, is whether Mr. Cross's abrasive and adventurous personality will harmonise with the style set by Sir Arnold Weinstock, GEC's managing director.

Sir Kenneth thinks there will be no problem here: "It is a myth that GEC is a company which does not take risks. The fact is that our managing directors have greater freedom to make investments than in any other U.K. company. We expect people to be adventurous because that is the only way to survive. Geoffrey Cross knows our ways; we get on well. We like to work through personal contacts rather than endless committees and Boards and so does he. We like people to make decisions and then to change them if they are wrong. So does Geoffrey Cross."

No barrier

If, as now appears, GEC really is ready to go West it will have one major advantage over many of its continental rivals with similar ambitions—there is no language barrier. GEC executives put a lot of emphasis on this fact because of the crucial importance of good communications between management at all levels if a new purchase is to be successfully integrated.

But one difficulty faced by almost all European bidders for U.S. companies is that the prices paid have generally been extremely high, in spite of the de-

adjudged specifically on the Badger closure. Badger was never contacted by OECD, no influence or pressure of any sort was brought to bear on Badger by the Committee and no allegation was made by the Committee that Badger was ever in breach of the Code of Conduct formulated by the OECD.

"It is important to make clear that on closure, the entire assets of Badger (Belgium), B.Frs.100m., was left for distribution to the employees. The parent company of Badger met all Belgian requirements."

On April 21, 1977, to increase the assets to Br.Frs.120m. (not Br.Frs.250m. as implied in your article) in order to meet the termination indemnities of the employees. This was the result of a signed agreement with the unions, the Belgian Secretary of State for the Flemish Regional Economy, and the Belgian Minister of Employment and Labour. The signing of this Protocol Agreement means that the parties have concurred that Badger met all Belgian requirements."

Anglo-German study boost

ONE OF the more enterprising European research organisations, the Anglo-German Foundation for the Study of Industrial Society, was given a major fillip last week by the Prime Minister's appointment of Sir Douglas Allen, retiring head of the Home Civil Service, as one of its six trustees.

Only last month the Westminster-based foundation celebrated its fifth anniversary in somewhat muted fashion, since it has not yet been given any assurance about its future funding.

The Foundation owes its inception to an initiative by the West German President in 1972, when he visited Britain. At that time the German Government committed the funds necessary for it to operate for five years. A total of DM15m. in five yearly tranches of

DM3m. was forwarded immediately. And because the foundation did not begin full operations for at least two years, a substantial amount of the money has not yet been spent.

Mr. Peter McGregor, the secretary-general, says: "We can continue operating at the same rate until 1980, but we need to know next year what our future is to be."

If no more money is forthcoming the foundation will have to consider using the DM6m. capital it retains, and operating

on the interest—on a reduced scale. Mr. McGregor is hopeful that this will not happen. A joint funding programme by the two governments, as the Germans envisaged when the foundation was established, is the most likely outcome.

The foundation aims to study problems common to both West Germany and the U.K. and to look at ways of solving them. Major studies already published compare smaller businesses in both countries, new

technology-based companies and housing/land policies within the last month; these have been followed by reports on industrial relations and worker-co-operatives.

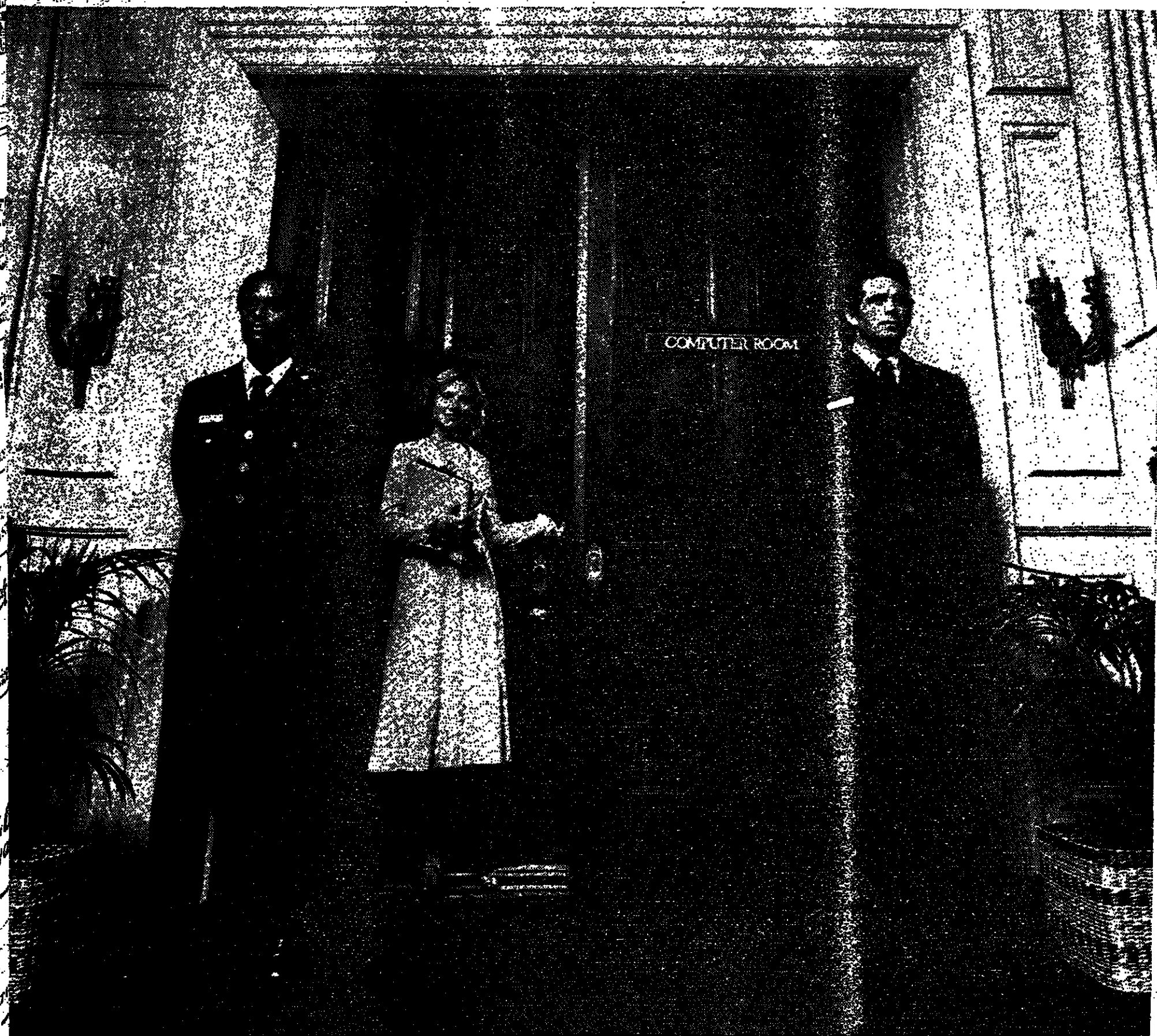
The handful of reports already published—most to a considerable amount of public interest and debate—are dwarfed by the volume of research projects in the course of preparation.

David Freud

Badger Corp. in Belgium

THE article on Belgian redundancy costs on November 25 referred to the closure of the American Badger Corporation's local subsidiary. Badger has asked us to state that it is not correct that its settlement with the Belgian employees was made as a result of OECD pressure. The company says "the Committee of the OECD never

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Friday December 9 1977

Miners and firemen

TWO main developments on the pay front yesterday allow one to feel rather more optimistic about the Government's chances of keeping the average increase in earnings during the current bargaining year within hailing distance of the 10 per cent for which it is hoping.

moreover, the executive has found a way—by 15 votes to nine—of carrying out the original intention of the Government and the Coal Board.

It remains to be seen, of course, how far the payment of extra money for increased productivity will enable the union and the Coal Board to settle for a fairly modest increase in basic pay, though the fact that the situation has now become less urgent may persuade some other groups that have been holding back hopefully to settle within the Government's guidelines.

Democracy on test in Lisbon

SIXTEEN MONTHS ago, after its first general elections since the fall of the authoritarian Salazar regime, Portugal was widely congratulated for having made a successful transition from the confused rule of the military revolutionaries to an orthodox parliamentary democracy.

The occasion for Mr. Soares' fall has been his failure to get parliamentary backing for a deflationary package which would, at the same time, help to reduce Portugal's large balance of payments deficit, and also meet the criteria of the International Monetary Fund for a substantial credit from the Fund.

At no time since the general elections of 1976 have the Socialists been able to provide that kind of government. Under constant attack from those on the left who want to consolidate the revolutionary gains pushed through by the military, and from those on the right who want to reverse these measures, Mr. Soares has made a virtue out of the necessity constituted by the ideological differences which separate his party from the Communists on the one hand, and the Social Democrats and Christian Democrats on the other.

THE CABINET any day now should make up its mind about which nuclear reactor it wants the electricity generating Board to order for a new era of nuclear construction. The decision is one that Britain may well have to live with for half a century or longer, since the electricity industry expect its stations to run for at least 30 years.

In an address in London last night Mr. Frank Tombs, chairman of the Electricity Council, flatly contradicted public statements of Mr. Anthony Wedgwood Benn, the Secretary for Energy, about the importance of nuclear energy to Britain's future development. Far from the handful of new nuclear stations apparently envisaged by Mr. Wedgwood Benn, the reactor that government chooses will probably be needed in quite large numbers—100 and perhaps more.

An article examining Britain's energy prospects after AD 2000, on this page last week, concluded: "The stark fact that emerges from the Energy Department's forecasts is that, given continuity of the assumed 3 per cent annual growth rate, Britain's nuclear capacity must expand very rapidly from AD 2000 onwards."

The basis for these statements in an energy forecasting exercise of a thoroughness which senior energy officials say has not been attempted by any other nation. Mr. Wedgwood Benn claimed last week that he was still not convinced by its conclusion that the only alternatives to a predominantly nuclear electricity system (with coal mainly being converted to substitute natural gas) were either political acceptance of a low rate of growth of the economy, or an early return to very large imports of fossil fuels.

It is no secret that the rift between Mr. Wedgwood Benn and his political advisers, on the one hand, and some of his top officials, on the other, runs deep. He even sacked a top official last summer in an attempt to encourage les autres. This did nothing to reconcile the two camps. The officials have little but contempt for the quality of advice their Minister is receiving from his political advisers about energy.

The Energy Secretary has offered no evidence that his lack of conviction is founded on any analysis as rigorous as that which his own department has undertaken in the past year. He accuses officials of underestimating the contribution which conservation and renewable energy sources will make at a time when Sir William Hawthorne, his own adviser on energy conservation, is urging a nuclear programme.

On the basis of the parliamentary arithmetic, a majority government could in theory be put together if the Socialists were to take into coalition one of the other parties. Quite apart from problems of ideology, however, political passions appear to have reached the point where no ordinary coalition can be formed in the foreseeable future.

Mr. Wedgwood Benn spurns experts on nuclear policy

By DAVID FISHLOCK, Science Editor

Commission — which discussed the Energy Department's forecasts last week—put forward a contradictory analysis of its own future energy requirements. The Energy Secretary, who took the chair at its first meeting, afterwards acknowledged that there seemed to have been a general agreement that Britain should get on and build some new nuclear stations.

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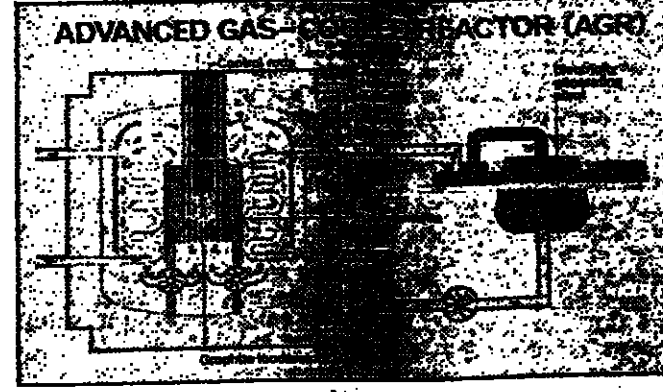
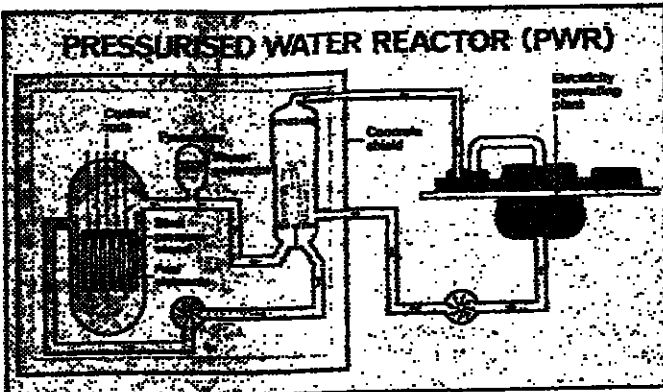
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The two nuclear electricity systems the CEGB wants to order. The advanced gas-cooled reactor (right) is a development of Britain's Calder Hall nuclear station, using higher temperatures and pressures for the carbon dioxide gas which transfers heat from the fuel to the boiler. It raises steam with an efficiency of 43 per cent. The pressurised water reactor (left) is a development of the U.S. submarine reactor (also used in British submarines). It uses water instead of gas to transfer the heat, and is the most compact of the commercial reactors available at present; hence its lower capital cost. But it operates at only half the temperature of the AGR, 320 degrees C, compared with 650 degrees C, so its steam cycle efficiency is only 32 per cent. Both reactors use slightly enriched uranium fuel.

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Energy Commission had no doubts that it should be the advanced gas-cooled reactor (AGR). There was "very strong pressure," said its chairman, for an early AGR order. But although the Electricity Council and the South of Scotland Electricity Board were both represented, conspicuously absent was the Central Electricity Generating Board, responsible for generating and transmitting about seven-eighths of the U.K.'s electricity.

A few weeks ago, in some panic because it believed that a Cabinet decision was imminent, the CEGB disclosed its latest conclusions on reactor choice. The choice was clearly the gas-cooled reactor, the CEGB believed, by a margin of 10 to 1. It was the initiative of a major engineering decision, which they lost in 1974 when the Government refused to accept their assurances on the safety of the U.S.-designed pressurised water reactor (PWR), which they wanted to order.

The gist of the CEGB's latest nuclear strategy is that it accepts the likelihood of a yawning energy gap beyond AD2000, and proposes to fill it with the one energy source it believes can be depended upon for availability, performance and price. It also accepts the urgent need to rebuild a British nuclear plant industry wrecked for years by technical troubles, political dilatoriness, and commercial cussedness.

The CEGB also accepts that the only type of reactor for which it can place an order quickly is the AGR. This would certainly not be the kind of

course of construction. It would require still further changes before a new order can be placed, the CEGB believes, mainly to enlarge slightly the whole system and give its components as boilers, which may well need to be repaired during a 30-year lifetime. For that reason, it says, even if given the green light now by the Government, it will still be two years—January 1980—before it will be ready to sign a new order.

But a few days ago Cabinet Office officials were calling in Britain's top nuclear experts to brief them on serious trouble at the Hunterston B AGR station in Scotland. What were the implications for a Cabinet decision in favour of the AGR? They learned that through a mistake made when one of its twin 600 MW reactors was shut down for repairs—one of its big gas coolant blowers was being replaced—murky Clyde sea-water had trickled into the reactor. Perhaps as much as 1,000-3,000 gallons had accumulated in the bottom of an annulus about six feet across containing the boilers, and boiled dry, leaving a sticky incrustation of hundreds of lbs. of salts.

Somehow the incrustation must be removed. The physics and chemistry of reactors is so sensitive to impurities such as a noxious mixture. Fortunately, men can—indeed have—entered this part of the reactor, wearing ventilated suits, although working conditions so close to a full

included deals in which French communist millionaire Jean-Baptiste Domagay sold the Soviet Union a substantial chunk of the surplus at cut rate prices (which netted him a handsome profit). Christmas butter, easily recognisable in France because it is wrapped in silver paper, is on sale at the equivalent of 65p a pound compared with the normal price of 88p. It is being financed by European taxpayers to the tune of Frs.30m. (£3.7m.) But British shoppers will not be seeing any of the Yuletide spread, because they already benefit from a 40 per cent duty subsidy.

France's dairy industry president, Francois Lepatre, alleges: "This operation is politically motivated. It is the result of an offensive by a number of our Common Market partners and a campaign by the British Government against the regulations for managing the butter market."

A French housewife I spoke to yesterday was dubious for a different reason. She expressed an apparently widespread complaint: it has a strange "foreign" taste. "So I prefer to pay the full price." If other Common Market buyers show a little enthusiasm for Christmas butter as the French, we can look forward to another big contract with the Russians when the stuff finds its way back into the Common Market fridge in January.

Yuletide spread Filled to bursting Sign in the window of a Hampshire butcher's shop: "These sausages are guaranteed 100 per cent meat plus 20 per cent. Excessive additives and flavourings."

Observer

MEN AND MATTERS

Think before you drink . . .



Sir Humphrey Prideaux, chairman of Brooke Bond Limited, is bracing himself to face a storm in the company's tea-cup at the AGM to-day. Profits rose 91 per cent to £49.8m. over the last financial year—thanks largely, but not exclusively, to the effect of higher tea prices.

This may be good news for many of the company's shareholders, but is viewed with mixed feelings by the World Development Movement (WDM). Together with representatives of other shareholders such as the Labour Party, the General and Municipal Workers' Union and Hillingdon Borough Council, the WDM intends to seek a commitment from Sir Humphrey that higher profitability will be used to improve pay and conditions in the tea estates, specially in India.

WDM, a "fair deal for the third world" pressure group with headquarters in Covent Garden, claims that Brooke Bond only pays its tea pickers "a miserable 42p a day," although when I asked Sir Humphrey he claimed the average was 86p per day, some 20 per cent higher than last year. He said the company also spent an average of £80 a head per year to provide housing, education and health facilities for its 20,000 estate workers.

Vic Sutton, the WDM director, later said that 42p was the minimum daily rate for a basic four kilos of tea per day and conceded that many workers picked more than that. But what incenses them is Brooke Bond's argument that they are prevented from raising wages and conditions because they are bound by the locally agreed tripartite agreement between the Indian government, the estate workers' unions and local employers. As Sir Humphrey put it: "India is a

Snap Judgment

For those in the City who maintain that investigations under the Companies Act can take an almost interminable time, the Kina affair must be an ideal example. Two years ago to-day it was reported that the Department of Trade was intending to appoint inspectors to look into the Kina's spectacular collapse. Readers with long memories will recall that after receiving two Queen's Awards, the seemingly booming Suffolk engineering company went down with debts totalling about £500,000; one consequence was the tightening up of the system to ensure that companies were solvent before the awards were gazetted.

The inspectors were duly appointed under Section 185 (b) of the Companies Act: they are William Denny, QC, and a chartered accountant, Kenneth Webb. Their report is still in preparation—and I have to report that it is impossible to discover when it is likely to be presented. It may be argued, of course, that not many people are still interested: the shareholders lost their money irretrievably and what was left of the Kina water jetting business was sold off to Babcock and Wilcox by the receiver. But there might still be some lessons, when the report is ready one day. As a Department of Trade spokesman admitted yesterday, the Kina debacle did for a time "undermine the credibility" of the Queen's Award.

WDM fear that higher East African production generally is at the expense of more investment in India and is detrimental to the changes of achieving a world tea agreement on prices and quotas to stabilise the market. To-day, they'll be asking Sir Humphrey about that too.

Unmistakable

Golden Ellipse and 18 ct. blue coloured gold. They invariably identify Patek Philippe designs. They tell you that the watch was finished entirely by hand, in the manner practised by Patek Philippe since 1839. The Golden Ellipse was devised by Patek Philippe from the Golden Section, the principle which already inspired the design of the Parthenon. The blue coloured gold of the dial is a bit of alchemy signed Patek Philippe.

Men's model (Ref. 3748). Matching cufflinks also featuring Golden Ellipse and 18 ct. blue coloured gold.

PATEK PHILIPPE Ennobled by the craftsman's touch.

Observer

Specialists

POLITICS TO-DAY

BY MALCOLM RUTHERFORD

The Crown Agents muddle

HERE IS a distinction to be drawn between those who have been following the affairs of the Crown Agents for some time...

Having said that, it is important to add that the Report is not, by and large, about corruption: it is about incompetence...

Out of date

At the risk of irritating the cognoscenti, it is worth going through some of the facts once again. To take first the behaviour of the Crown Agents themselves...

In 1970 a legal adviser at the Foreign Office had stated that "liabilities incurred by the Crown Agents... must ultimately be regarded as liabilities of the Crown."

consider the possible alternatives to a follow-up private inquiry which would seek to apportion the blame for the affair...

The Government to follow up the Fay Report last week. Yet it is striking that the Salmon Commission had recommended as follows: "No Government in the future should ever in any circumstances whatsoever set up a Tribunal of the type adopted in the Profumo case..."

It was resorted to the 1921 Act which Mr. Mendelson demanded when he launched the emergency debate, and which the Government yesterday was reluctantly obliged to accept.

Party lines

In the course of its work, the Commission discussed the alternatives. It was utterly dismissive of the idea of a Select Parliamentary Committee of inquiry, largely on the grounds that such Committees have tended in the past to divide along party lines...



Mr. Sam Silkin, the Attorney General, leaving No. 10 Downing Street after the Cabinet decision on the Crown Agents yesterday.

Tribunal will have the power, as the Fay Committee did not, to try to avoid going public with a one-off mistake compounded by Mrs. Hart's performance in the House on Monday...

When is a bank not a bank?

From the Managing Director, Alexander Associates. Sir, Michael Blanden's article in your survey of Europe on November 5, entitled "Banking Insurance," observes that...

Letters to the Editor

as well as the various measures of money itself. Whether this causes a temporary out in the rate of real growth, or does the opposite (for example, through "increased confidence")...

VAT and bad debt relief

From Mr. R. Howes. Sir, Following on Mr. P. Granville White's letter (December 12), I would like to highlight the two advantages enjoyed by retailers as opposed to manufacturers...

Unmanageable corporations

From the Chairman, British Legal Association. Sir, The majority in the House of Commons were right to demand a full public inquiry over the Crown Agents affair...

Transfer tax

From Mr. J. English. Sir, Now that some of the euphoria has died down over Mr. Healey's proposal of October 26...

Inflation and growth

Professor P. Minford. Sir, Anthony Harris's argument (Dec 6, Lombard) that a "starve" policy is incapable of implying no real growth, I feel sure, is tongue-in-cheek...

Local authority housing

From Mr. R. Harris. Sir, Mr. Ron Bailey's and Mr. Joe Rogaly's (December 5) criticism of local government housing policies embolden me to express a view which I have held for some years...

Bankrupt but bidding

From Mr. C. Wyatt. Sir, The bid by the British Steel Corporation for Graham Wood raises two basic questions. Since when is a company which is effectively bankrupt...

Naught for the Revenue

From Mr. R. King. Sir, Mr. Langdon (December 5) exactly pinpoints the misunderstanding of replacement cost principles to which I referred on November 22. You cannot fund inflation from reserves...

Living up to its reputation.

Toronto Dominion is a Canadian bank which has been building its reputation in Europe for over 60 years. A reputation that is based on our ability to interpret the current business environment...

To-day's Events

- December 16. Anglo-Norfolk Carol, St. Olave, Hart Street, E.C.3, 7 p.m. Concert of Christmas Music by Ernest Read Symphony Orchestra and EMRA Choir...



Toronto Dominion Bank advertisement with logo and text: 'Living up to its reputation. Toronto Dominion is a Canadian bank which has been building its reputation in Europe for over 60 years...' and a list of international offices.

COMPANY NEWS + COMMENT

GUS reaches £53m. at six months stage

AFTER A higher depreciation charge of £5.47m, against £4.54m, Great Universal Stores attained a jump in taxable profit of £5.95m to £53.03m for the half-year to September 30, 1977. Provisions for unearned profit, service charges and collection costs were £30.87m, compared with £26.78m at March 31 year end.

HIGHLIGHTS

Half-time profits at J. Lyons are nearly £3m higher after six months, but the company is taking a cautious view of the year as a whole. Great Universal Stores is some 15 per cent ahead at the half-way stage with the gain mainly concentrated on the U.K. retailing interests while some of the overseas operations have been facing unfavourable conditions.

After tax of £203,286 (£160,455) stated half-year earnings are 2.72p (2.17p) per 10p share. The interim dividend is stepped up from 1.45p to 1.95p net absorbing £45,921 (£31,113) after waivers by Mr. D. O. McIntyre, chairman, amounting to £14,808 (£6,673)—last year's final was 2.72p.

LMS £1.4m. up; growth to continue

WITH ALL major trading divisions showing increased profits, the pre-tax surplus of London Merchant Securities rose £1.35m to £1.4m for the six months to September 30, 1977.

Competition depresses Bambergers

WITH INTENSE competition continuing unabated and a decline in margins, taxable earnings of timber and panel product importers and builders merchants Bambergers for the half-year to September 30, 1977, fell by £193,000 to £732,000. Sales were up from £18.9m to £19.3m.

Baker Perkins improves

ANNOUNCING taxable profits marginally improved from £3.35m to £3.53m for the six months to September 30, 1977, the directors of Baker Perkins Holdings say that they expect to report a further advance in sales and profits for the current year.

Blackman & Conrad setback

OVER THE first six months trading was good in mail order tourist linked trades like Burberrys and the Scotch House, popular priced furniture, foot-wear, manufacturing and printing, but proved difficult for the menswear division.

Midway fall at Intl. Timber

EXCLUDING THE results of Belgian investments, the majority of which were sold recently, International Timber Corporation shows a fall in taxable earnings of £0.35m to £0.6m for the half-year to September 30, 1977.

Fisons to make up shortfall

A RECOVERY in second half 1977 profits is now expected by Fisons leading to a full year result similar to the record of £18.94m achieved in 1976.

Barclays Intl. well on target at £113m.

IN LINE with midway expectations, profits of Barclays Bank International moved up to £11.5m in the year ended September 30, 1977.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Corrs. dividend, Total for year, Total last year. Includes companies like ATV, Anglo-Transvaal, Baker Perkins, Bambergers, etc.

Dividends shown per share net except where otherwise stated. *Equity issues after 12 months. †Additional 0.07p for 1976-77. ‡To reduce disparity with final. §Includes special non-recurring 6.5p. ¶2p gross total forecast. **Additional 0.000392p for 1976-77. ††South African cents throughout.

Broking chief hits at Stock Exchange

Mr. Ralph Vickers, chairman of stockbrokers Vickers & Costa, today launches an attack on the Stock Exchange for not taking adequate steps to protect London as an international market.

Giltspur tops £1m. at halfyear

REPORTING taxable profit which has decreased to £79,000 (£1.05m for the six months to September 30, 1977), the directors of industrial services Giltspur say they are continuing to maintain the business climate in a better state than last year.

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EVANS OF LEEDS LIMITED Property Investment Group. UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 1977. Table with columns: Item, 30th Sept. 1977, 30th Sept. 1976.

Dom ahead to £0.4m. midterm

RETAILERS AND manufacturers of fixing products Dom Holdings reports taxable profit ahead from £283,106 to £406,171 for the half year to September 30, 1977, on turnover up £0.95m to £4.75m.

GEORGE STURIA

In connection with the rights details from George Sturia given on Wednesday it was incorrectly stated that the total amount of £272,000. This figure should have been £188,000.

Lombard North climbs to £11m. and sees more

WITH THE increased business and lower second-half interest rates of the credit finance division, Lombard North Central, finance house subsidiary of National Westminster Bank, increased from £2.48m to £11.7m for the six months to September 30, 1977.

Pegler Hattersley INTERIM STATEMENT 1977

Group sales increased by 13% in the half year, mainly as a result of a substantial increase in exports. Profit, excluding metal depreciation, was 11% lower at £5,731 million. Associated company profits, which principally arise overseas, increased and some of our smaller companies improved their results.

Table with columns: Item, Half year to 30th Sept 1977, 25th Sept 1976, Year to 2nd April 1977. Includes Sales, Trading profit, Profit before taxation, etc.

HASLEMERE ESTATES. INTERIM UNAUDITED RESULTS Six months to 30th September 1977. Pre-tax profit (excluding profits from sales of investment properties) increased by 64% to £1,265,000. Net rental income increased by £569,000 to £3,775,000.

CU's partial success

ONLY 15 per cent at most of the Commercial Union's £7.8m, one-for-six rights issue is likely to be left with the underwriters to place on the market when the acceptance and payment becomes due at 2 p.m. today, according to one of the banks underwriting the issue.

KENSINGTON SUCCESS

The list of applications for the two stock issues by the Royal Borough of Kensington and Chelsea closed yesterday with successful results. The offer of 57m, 111 per cent, stock 1985-7 was heavily oversubscribed. Applications for the £124m of variable rate stock 1982 have been allotted in full.

INDUSTRIAL VALVES - DOMESTIC PLUMBING FITTINGS - RADIATOR VALVES - ACRYLIC SANITARY WARE. INDUSTRIAL RUBBER COMPONENTS - FABRICATIONS AND DESALINATION EQUIPMENT.

November 3 1977
Chief hits
Exchange

Pegler-Hattersley hit by severe competition

BY SEVERE worldwide competition in steel valves, which cut to margins, and interrupted production due to labour unrest, half 1977-78 profits of Pegler-Hattersley fell from £7.5m to £4.2m.

Mr. J. M. Harrison, chairman, says that results for the second half will depend on the price obtainable in some markets and the group's ability to maintain uninterrupted production.

The order book remains satisfactory but he feels it unlikely that profits will reach the record £8.2m achieved in 1976-77.

Mainly reflecting a big increase in export, group sales rose by 13 per cent to £41.9m in the half. Trading profits were lower at £2.5m, against £3.5m, but this is offset to some extent by an increase from £2.5m to £3.1m in the share of associates' profits, which principally arise overseas.

Some of the smaller companies in the group improved their results but the two main operating divisions had a disappointing half—particularly the engineering and valve side.

After tax the net profit emerged at £2.5m, against £3.7m, producing earnings per share of 8.7p compared with 12.2p. The interim dividend is raised from 2.55p to 2.85p and the directors intend to recommend a total up from 10p to a maximum permitted 15p.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the subsidiaries shown below are based mainly on last year's financial statements.

TODAY

Imperial Chemical Industries (London), Card's (Huddersfield), Groves Fisheries, Harold Inman, Lonsdale Group, Maclean (London), Noreg, Normand Electrical, Stoddart Group, Strimling, Jones Woodhead.

FRIDAY

Finlays-Delton, Grovewood, Proprietary Mines, Macfarlane, Consolidated Mines.

FUTURE DATES

Imperial Chemical Industries, Dec. 20
Lawrence Scott, Dec. 14
Lafayette, Dec. 11
S. and T. S. S., Dec. 12
Weston, Dec. 13

FRIDAY

Associated Breweries, Jan. 5
Brunner Investment Trust, Dec. 16
Charter Trust and Agency, Dec. 22
S. and T. S. S., Dec. 12
Greenall Whisky, Dec. 15
Trafalgar House, Dec. 14

Trimmed Lyons up £1.9m. so far

DESPITE THE loss of earnings from businesses sold in the past year, the interim dividend is lifted from 0.17305p to 0.5p net. Last year's final was 1.4575p.

Convertible Loan Stocks at 195p (1.74p). To reduce disparity with the final dividend, the interim dividend is lifted from 0.17305p to 0.5p net. Last year's final was 1.4575p.

Strengthening the balance sheet and improving gearing remain major objectives and the disposal of the Tower Hotel in London, the Alpha Hotel in Amsterdam and the Lutetia tea estates in Malawi have contributed to what directors expect will be a worthwhile reduction in debt at year end.

Mr. Salmon says that when comparing last year's £10.51m. interest bill with this year's £10.58m. it must be borne in mind that U.K. interest rates did not significantly decline until after the start of the second half of the year, and that interest rates overseas have tended to harden.

Interim dividend is lifted from 2.087p net per £1 share to 2.068p. On record, the total profit of £14.2m, last year a 5.835p final was paid.

In the past 12 months Lyons has sold its U.K. and Euro hotel interests, its U.K. fast food outlets, as well as the two hotels and tea estate already mentioned.

ATV slips to £5m. so far

OWING TO exceptional television programme costs, taxable profits of Associated Television Corporation dipped from £5.7m to £5.01m in the half year to September 25, 1977, as forecast in its October rights issue circular.

Turnover rose marginally from £42.7m to £43.1m, and earnings per share are stated at 5.66p, against 5.59p.

Directors reaffirm their view that full-year profit will not be less than last year's £18m. record.

The interim dividend on capital increased by the one-for-four issue is 2.772p against 2.75p. A total of £4.22p was paid last time. The company has close status.

Liner Concrete down

A DOWNTURN in second half first half on Christmas sales, although Easter prospects are reasonably encouraging. Grocery sales are marginally ahead.

Turnover, excluding VAT, climbed from £1.57m to £2.1m in the six months and after tax of £71.137 (£65,150) earnings per 25p share are stated at 9.35p (5.95p). Profits last year totalled 75.72p and a 3.35p net dividend was paid.

British Bldg. & Eng. ahead at halftime

With turnover ahead from £96,000 to £106m, pre-tax profit of British Building and Engineering Appliances rose from £10,000 to £24,000 in the six months ended September 30, 1977.

Directors say that currently demand is slack, which does not promise well for the first half of 1977-78 as the result for the full year will largely reflect the level of activity achieved in the second half.

Turnover for the year rose from £62m to £72.2m, and the result is subject to tax of £228,855 (£263,170).

Earnings per share after adjustment for a rights issue are stated at 3.19p against 3.74p. The final dividend is up from 0.67p to 0.7585p net per 10p share taking the total to 1.3085p (1.17p).

Somportex up £50,000

Distributors of confectionery, groceries and delicatessen goods, Somportex, reports pre-tax profit of £50,000 higher at £136,803 in the six months to October 31, 1977. Directors say that confectionery profits tend to be earned in the

Jas. Latham off £0.3m. midway

After deferred tax of £260,000 (£14,000) net profit emerges at £241,000 (£238,000). The interim dividend is raised from an adjusted 2.4p to 2.55p net per £1 share.

On last year's profit of £1.2m, a final dividend of £1.01m was paid. An additional 0.07p has been declared for 1976-77.

British Tar profit advance

REAPING the benefits of a labour relations as pay cases ease, following the completion of Stage II. Productivity has increased and there has already been a three-week partial closure of the Ormskirk factory. In the six months to September 30, 1977, the last full year's figure turned in at £1.01m.

Basic earnings per 10p share are given at 2.35p (2.63p) and assuming full conversion of

Severe shortage

The shortage of day-to-day funds kept short-term fixed period rates firm, but improved sentiment in the market—helped by the decision to honour the 12-month key rate by the RUMI executive—pushed down longer term rates. This led to a sharp reduction in the yield curve and the end of any lingering thoughts on an upward movement in M.L.R. in the near future. Discount houses now appear much less willing to sell bills than in previous weeks, although it is considered that M.L.R. will be unchanged this week.

MONEY MARKET

Rate	1977	1976
Bank of England Minimum Lending Rate	7 per cent	7 per cent
Overnight	5 1/2	5 1/2
3 months	6 1/2	6 1/2
6 months	7 1/2	7 1/2
12 months	8 1/2	8 1/2
18 months	9 1/2	9 1/2
24 months	10 1/2	10 1/2
36 months	11 1/2	11 1/2
48 months	12 1/2	12 1/2
60 months	13 1/2	13 1/2
72 months	14 1/2	14 1/2
84 months	15 1/2	15 1/2
96 months	16 1/2	16 1/2
108 months	17 1/2	17 1/2
120 months	18 1/2	18 1/2
132 months	19 1/2	19 1/2
144 months	20 1/2	20 1/2
156 months	21 1/2	21 1/2
168 months	22 1/2	22 1/2
180 months	23 1/2	23 1/2
192 months	24 1/2	24 1/2
204 months	25 1/2	25 1/2
216 months	26 1/2	26 1/2
228 months	27 1/2	27 1/2
240 months	28 1/2	28 1/2
252 months	29 1/2	29 1/2
264 months	30 1/2	30 1/2
276 months	31 1/2	31 1/2
288 months	32 1/2	32 1/2
300 months	33 1/2	33 1/2
312 months	34 1/2	34 1/2
324 months	35 1/2	35 1/2
336 months	36 1/2	36 1/2
348 months	37 1/2	37 1/2
360 months	38 1/2	38 1/2
372 months	39 1/2	39 1/2
384 months	40 1/2	40 1/2
396 months	41 1/2	41 1/2
408 months	42 1/2	42 1/2
420 months	43 1/2	43 1/2
432 months	44 1/2	44 1/2
444 months	45 1/2	45 1/2
456 months	46 1/2	46 1/2
468 months	47 1/2	47 1/2
480 months	48 1/2	48 1/2
492 months	49 1/2	49 1/2
504 months	50 1/2	50 1/2
516 months	51 1/2	51 1/2
528 months	52 1/2	52 1/2
540 months	53 1/2	53 1/2
552 months	54 1/2	54 1/2
564 months	55 1/2	55 1/2
576 months	56 1/2	56 1/2
588 months	57 1/2	57 1/2
600 months	58 1/2	58 1/2
612 months	59 1/2	59 1/2
624 months	60 1/2	60 1/2
636 months	61 1/2	61 1/2
648 months	62 1/2	62 1/2
660 months	63 1/2	63 1/2
672 months	64 1/2	64 1/2
684 months	65 1/2	65 1/2
696 months	66 1/2	66 1/2
708 months	67 1/2	67 1/2
720 months	68 1/2	68 1/2
732 months	69 1/2	69 1/2
744 months	70 1/2	70 1/2
756 months	71 1/2	71 1/2
768 months	72 1/2	72 1/2
780 months	73 1/2	73 1/2
792 months	74 1/2	74 1/2
804 months	75 1/2	75 1/2
816 months	76 1/2	76 1/2
828 months	77 1/2	77 1/2
840 months	78 1/2	78 1/2
852 months	79 1/2	79 1/2
864 months	80 1/2	80 1/2
876 months	81 1/2	81 1/2
888 months	82 1/2	82 1/2
900 months	83 1/2	83 1/2
912 months	84 1/2	84 1/2
924 months	85 1/2	85 1/2
936 months	86 1/2	86 1/2
948 months	87 1/2	87 1/2
960 months	88 1/2	88 1/2
972 months	89 1/2	89 1/2
984 months	90 1/2	90 1/2
996 months	91 1/2	91 1/2
1008 months	92 1/2	92 1/2
1020 months	93 1/2	93 1/2
1032 months	94 1/2	94 1/2
1044 months	95 1/2	95 1/2
1056 months	96 1/2	96 1/2
1068 months	97 1/2	97 1/2
1080 months	98 1/2	98 1/2
1092 months	99 1/2	99 1/2
1104 months	100 1/2	100 1/2
1116 months	101 1/2	101 1/2
1128 months	102 1/2	102 1/2
1140 months	103 1/2	103 1/2
1152 months	104 1/2	104 1/2
1164 months	105 1/2	105 1/2
1176 months	106 1/2	106 1/2
1188 months	107 1/2	107 1/2
1200 months	108 1/2	108 1/2
1212 months	109 1/2	109 1/2
1224 months	110 1/2	110 1/2
1236 months	111 1/2	111 1/2
1248 months	112 1/2	112 1/2
1260 months	113 1/2	113 1/2
1272 months	114 1/2	114 1/2
1284 months	115 1/2	115 1/2
1296 months	116 1/2	116 1/2
1308 months	117 1/2	117 1/2
1320 months	118 1/2	118 1/2
1332 months	119 1/2	119 1/2
1344 months	120 1/2	120 1/2
1356 months	121 1/2	121 1/2
1368 months	122 1/2	122 1/2
1380 months	123 1/2	123 1/2
1392 months	124 1/2	124 1/2
1404 months	125 1/2	125 1/2
1416 months	126 1/2	126 1/2
1428 months	127 1/2	127 1/2
1440 months	128 1/2	128 1/2
1452 months	129 1/2	129 1/2
1464 months	130 1/2	130 1/2
1476 months	131 1/2	131 1/2
1488 months	132 1/2	132 1/2
1500 months	133 1/2	133 1/2
1512 months	134 1/2	134 1/2
1524 months	135 1/2	135 1/2
1536 months	136 1/2	136 1/2
1548 months	137 1/2	137 1/2
1560 months	138 1/2	138 1/2
1572 months	139 1/2	139 1/2
1584 months	140 1/2	140 1/2
1596 months	141 1/2	141 1/2
1608 months	142 1/2	142 1/2
1620 months	143 1/2	143 1/2
1632 months	144 1/2	144 1/2
1644 months	145 1/2	145 1/2
1656 months	146 1/2	146 1/2
1668 months	147 1/2	147 1/2
1680 months	148 1/2	148 1/2
1692 months	149 1/2	149 1/2
1704 months	150 1/2	150 1/2
1716 months	151 1/2	151 1/2
1728 months	152 1/2	152 1/2
1740 months	153 1/2	153 1/2
1752 months	154 1/2	154 1/2
1764 months	155 1/2	155 1/2
1776 months	156 1/2	156 1/2
1788 months	157 1/2	157 1/2
1800 months	158 1/2	158 1/2
1812 months	159 1/2	159 1/2
1824 months	160 1/2	160 1/2
1836 months	161 1/2	161 1/2
1848 months	162 1/2	162 1/2
1860 months	163 1/2	163 1/2
1872 months	164 1/2	164 1/2
1884 months	165 1/2	165 1/2
1896 months	166 1/2	166 1/2
1908 months	167 1/2	167 1/2
1920 months	168 1/2	168 1/2
1932 months	169 1/2	169 1/2
1944 months	170 1/2	170 1/2
1956 months	171 1/2	171 1/2
1968 months	172 1/2	172 1/2
1980 months	173 1/2	173 1/2
1992 months	174 1/2	174 1/2
2004 months	175 1/2	175 1/2
2016 months	176 1/2	176 1/2
2028 months	177 1/2	177 1/2
2040 months	178 1/2	178 1/2
2052 months	179 1/2	179 1/2
2064 months	180 1/2	180 1/2
2076 months	181 1/2	181 1/2
2088 months	182 1/2	182 1/2
2100 months	183 1/2	183 1/2
2112 months	184 1/2	184 1/2
2124 months	185 1/2	185 1/2
2136 months	186 1/2	186 1/2
2148 months	187 1/2	187 1/2
2160 months	188 1/2	188 1/2
2172 months	189 1/2	189 1/2
2184 months	190 1/2	190 1/2
2196 months	191 1/2	191 1/2
2208 months	192 1/2	192 1/2
2220 months	193 1/2	193 1/2
2232 months	194 1/2	194 1/2
2244 months	195 1/2	195 1/2
2256 months	196 1/2	196 1/2
2268 months	197 1/2	197 1/2
2280 months	198 1/2	198 1/2
2292 months	199 1/2	199 1/2
2304 months	200 1/2	200 1/2
2316 months	201 1/2	201 1/2
2328 months	202 1/2	202 1/2
2340 months	203 1/2	203 1/2
2352 months	204 1/2	204 1/2
2364 months	205 1/2	205 1/2
2376 months	206 1/2	206 1/2
2388 months	207 1/2	207 1/2
2400 months	208 1/2	208 1/2
2412 months	209 1/2	209 1/2
2424 months	210 1/2	210 1/2
2436 months	211 1/2	211 1/2
2448 months	212 1/2	212 1/2
2460 months	213 1/2	213 1/2
2472 months	214 1/2	214 1/2
2484 months	215 1/2	215 1/2
2496 months	216 1/2	216 1/2
2508 months	217 1/2	217 1/2
2520 months	218 1/2	218 1/2
2532 months	219 1/2	219 1/2
2544 months	220 1/2	220 1/2
2556 months	221 1/2	221 1/2
2568 months	222 1/2	

BIDS AND DEALS

Chieftain's proposals for Second Broadmount

AN ambitious attempt to boost its funds under management. Chieftain Trust Managers has presented the shareholders of Second Broadmount Trust with proposals for the voluntary liquidation of their company and its reconstruction as a unit trust under Chieftain's management.

Chieftain has been preparing these proposals for the best part of nine months, but they came as a bolt from the blue to the directors of Second Broadmount, whose financial advisers were last night considering their response.

Chieftain argues that it will be possible by means of its scheme, to eliminate most of the discount at which Second Broadmount's shares have been trading, and thereby to improve the marketability of its shareholders' investments.

With assets of just under £4m, Second Broadmount would boast Chieftain's funds under management by about two-thirds, assuming that there were no sales of the new units following their issue.

W. Lawrence sells Econa interest. Walter Lawrence, the building property development group, which is expanding its interests in the building industry.

W. THORPE (Manufacturers of "Thorlux" Safety Lighting Equipment) PROFIT INCREASE. The following are extracts from the circulated statement of Chieftain, Mr. K. C. Brang...

BLACK DIAMONDS PENSIONS LIMITED Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED The offer closes at 3 p.m. on Monday, 12th December, 1977

MINING NEWS

Cheap metals: time is running out

BY KENNETH MARSTON, MINING EDITOR

AT A TIME of a world recession in metal markets where, in the case of nickel and copper, unsold stocks are high and current price levels are too low to justify new mining operations and, indeed, mean losses for many of the existing mines, it is hard to visualise the prospect of soaring prices and supply shortages in the 1980s.

One man who has a very real good deal of time examining the problem is Mr. Berville Pain, an executive director of Charter Consolidated and a director of the South African parent Anglo American Corporation.

As the developing countries, which are Europe's major sources of raw materials, the spending on exploration by European mining companies has fallen from a peak of 37 per cent of their overall expenditure in 1981 to 18 per cent in 1975-76.

EXPORT REVENUES of \$48.4bn. (€2,090bn.) will be earned from the massive Jabiluka uranium deposit in the Northern Territory of Australia in the first 10 years of the project's life, according to the 1980s and 1970s has averaged 65 per cent of the equity in the venture.

28.9% OF BIT CONTROLLED. The National Coal Board Pension Funds stopped buying the shares of the company yesterday, with 28.9 per cent of the company under their control.

HAMBROS SALE IN AUSTRALIA. The Hambros group is continuing the tidying up operation of its Australian subsidiaries.

LEISURE & GENL. Shareholders in Leisure and General Holdings will be sent full details within the next few days as to why, in their Board's view, they should reject the takeover bid from Ladbroke Group.

SHARE STAKES. Edinburgh and Dundee Investment Company on December 4, British Rail Pension Funds acquired 133,000 Ordinary shares at 188p and a further 92,000 Ordinary shares at 159p.

STERLING INDUSTRIES LIMITED

The Board has declared an interim dividend of 0.35p per ordinary share of 25p (gross equivalent 0.5303p) in respect of the year ending 31st March 1978 (1977-0.25p-gross equivalent 0.3846p).

UNAUDITED ESTIMATED GROUP PROFIT STATEMENT FOR THE SIX MONTHS ENDED 30th SEPTEMBER 1977. Table with columns for 6 months, 6 months, and Year to date.

Murchison cuts final to 10c. AGAINST a background of declining profits and the dividend warning given earlier this year, the Anglo Transvaal group's autonomy producing Consolidated Murchison has cut its final dividend to only 10 cents (1.63p).

FALCONBRIDGE CUTS BACK. The Canadian nickel producer, Falconbridge, is to lay off 730 employees at Sudbury, Ontario, as production is cut back in response to the depressed international market.

Trafford Carpets ahead - bid talks off. Although turnover declined from 0.8125p to 1p net per 25p profit of Trafford Carpets (Holdings) increased from £1,500 to £2,500 in the September 30, 1977 six months.

Globe Investment Trust LIMITED Interim Report for the six months ended 30th September, 1977. Merger, Group Earnings, Interim dividends in respect of current financial period.

AN ELECTRA HOUSE COMPANY. Table with columns for 30th Sept. 1977 and 31st March 1977.

AN ELECTRA HOUSE COMPANY. Table with columns for 30th Sept. 1977 and 31st March 1977.

AN ELECTRA HOUSE COMPANY. Table with columns for 30th Sept. 1977 and 31st March 1977.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN COMPANIES

Row over WLB's London move

By Adrian Dickson
WESTDEUTSCHE LANDESBANK Girozentrale, West Germany's third biggest banking group and a major force in the Ecomarkets, has suddenly found itself in the midst of an embarrassing political squabble because of its recent purchase of a £5.5m. site in Moorgate for its new London office.

Metallgesellschaft to hold cash dividend

By GUY HAWTIN
METALLGESELLSCHAFT (MG), the Frankfurt-based metals, engineering and transport concern, is in the uncomfortable position of doing much of its business in sterling and dollars, while accounting in D-marks.

Table with 3 columns: Turnover, 1975-76, 1976-77, % change. Rows for Domestic, Overseas, Total.

Turnover in 1976/77 rose by more than DM700m. much of which was generated in the group's metal trading activities.

Bayerische Vereinsbank

FINANCIAL TIMES REPORTER

For last year, the Bank paid DM10 per share on the Ordinary and DM11.50 on the Preference shares.

FRANKFURT, Dec. 8

SIR affair may curb banks' lending

By Paul Betts
ROME, Dec. 8
JUDICIAL INQUIRIES into allegations over the misdirection of funds by some leading Italian banking and credit institutions could seriously curtail the entire Italian banking system at a crucial time, when it is being pressed to bail out a number of key financially troubled industrial sectors.

THE BIS MEETING

Central banks to discuss the 'Burns checklist'

BY MARY CAMPBELL

AMONG subjects which will be discussed at the meeting of central bankers in Basle this week-end are plans for helping commercial banks in their international lending activities.

Upturn at United Breweries

BY HILARY BARNES

UNITED Breweries, the Carlsberg-Tuborg Group, has improved its 1976-77 operating profit by Kr.2m. to Kr.174m., while the net profit after taxes increased from Kr. 100m. to Kr.115m.

development in some overseas markets. Group sales increased from Kr.5,006bn. to Kr.5,153bn., excluding taxes. Assets increased from Kr.3,33bn. to Kr.3,5bn. and equity capital from Kr.1,17bn. to Kr.1,20bn.

COPENHAGEN, Dec. 8

ROME, Dec. 8

Gen. Occidentale optimistic

BY DAVID CURRY

AN ANNUAL increase of 30 per cent in dividends and a rather more circumspect attitude to growth through acquisitions has been promised to shareholders in Generale Occidentale by Sir James Goldsmith, the chairman and chief shareholder in the French company which shelters his food-based group.

EUROBONDS

Sterling issues steady

BY MARY CAMPBELL

THE STERLING Eurobond issues staged a further recovery yesterday. Closing prices for the three most recently issued issues were as follows: About 95/5; the case of Courtaulds (up 1/2 point from Wednesday's close and 1/2 points from the lowest quotation); 96/7/4 in the case of the European Investment Bank (up three-quarters of a point on Wednesday's close and a point above the lowest quotation); and about 97/1/8 in the case of Fisons (unchanged from Wednesday's close and about half a point up on the lowest quotation).

ECSC floats Swiss loan

By John Wicks

ZURICH, Dec. 8
THE EUROPEAN Coal and Steel Community (ECSC) is to float a Swiss loan on the capital market. The offering, whose proceeds are to go towards the financing of steel investments in the EEC and for conversion projects in the industries, will have a 4 per cent coupon and be due at par. Bonds of the loan, ECSC's seventh in Switzerland, will be listed on the Exchanges of Zurich, Bern, Geneva, Lausanne and Basel. Repayment will be within years.

Philips pays same again

A MAINTAINED interim dividend of Fl.0.60 a share is announced by NV Philips Gloeilampenfabrieken, the Dutch-based international electronics giant, reports Reuter from Eindhoven.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns: STRAIGHTS, NOTES, FLOATING RATE NOTES, CONVERTIBLES. Lists various bond types and prices.

Mitsubishi Bank Limited advertisement. Features the Mitsubishi logo and text: '\$30,000,000 The Mitsubishi Bank, Limited Negotiable Floating Rate Certificates of Deposit due 28 November 1980'.

European Banking Company Limited advertisement. Text: 'Wish to inform you that their new address for all departments from 12th December 1977 is: 150 Leadenhall Street London EC3V 4PP Telephone: 01-638 3654 Telex: 8811001'.

Banco Central de Costa Rica advertisement. Text: 'U.S. \$14,000,000 Term Loan Managed by SINGER & FRIEDLANDER LIMITED BANCO DE VIZCAYA, S.A. BANCO INTERNACIONAL DE COSTA RICA S.A.'.

Handwritten signature 'John Wicks' at the bottom of the page.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE NEWS

Government relaxes issue rules

BY DOUGLAS RAMSEY

JAPAN'S MINISTRY OF Finance has gradually relaxed rules on the issue of public yen placements in the Tokyo Bond market, and one result is a record volume of yen-denominated issues in December.

Three foreign borrowers are replacing a total \$300m. worth of coupons with yen investors this month, and the prospect is for an average volume of new yen-denominated issues in early 1978 of over \$200m. a month. In yen terms, total yen-denominated issues in 1977 will amount to ¥855bn, or nearly \$1.5bn at the current rate of exchange to the U.S. dollar.

Sources in the securities industry say that the MoF will no longer pay strict heed to the eligibility criteria established when Japan resumed yen-denominated issues in mid-1975 after suspending them at the time of the oil crisis. Those criteria required that the borrower must have had at least three international public issues in the past five years, and must not be either a Government or international institution. Moreover, a borrower must have high credit ratings and not apply.

Once embarked on its attempts to export capital and thus offset part of Japan's huge earnings trade account, the MoF began relaxing these guidelines in the summer. France's Banque du Commerce Extérieur, though not strictly a Government borrower, was allowed to beat Singapore Airlines, which was turned away, but approval would be given if the Singapore Government borrowed on behalf of the airline company.

As a result, all proceeds from a ¥15bn. issue this month by Singapore will be passed on to Singapore Airlines. The Singapore Government first issued a ¥100m. issue a year ago, and since then has issued a ¥50m. issue in the domestic market (in February) as well as last April's ¥100m. issue in the Euro-

market. Singapore Airlines itself had a Eurobond issue last January for DM60m.

In January, the Korean Development Bank breaks new ground as the first Korean borrower in the Yen-denominated market, which until recently was considered closed to other than the most glamorous (and credit-worthy) borrowers.

Market analysts anticipate that the KDB and Singapore issues will be followed later in 1978 by other Asian placements. Malaysia has been tipped as an early entrant as a growing sign that Tokyo is now willing to open its Yen market to higher-cost borrowers.

Reuter reports from Tokyo: the MoF is considering a request from 13 city banks for permission to sell national bonds to help absorb growing public securities borrowing. However, securities companies oppose the plan, fearing that it may let banks into the securities business in force. The Federation of Bankers' Associations' said

national bond issues in fiscal 1978 are expected to increase to at least ¥12 trillion.

Such an increase will make it difficult for city banks to cover the large share of national bond underwritings allotted to them with increases in deposits from customers, the Federation said.

The Japanese securities trading law prevents banks from engaging in securities business, but banks have been allowed in exceptional cases to underwrite Government and Government-guaranteed bonds.

Lower profits predicted

BY DONALD MACLEAN

NET INCOME of 402 Japanese industrial companies will fall by 1.4 per cent. in the six months to March, from their level in the half year to September, and by a further 10.7 per cent. in the following six months, according to estimates about to be published by Nomura Securities.

This follows a 7.2 per cent. reduction in the first half to September, of the current fiscal year.

Holding back Japanese company profits have been the strengthening of the yen in the foreign exchange, and the recession in the domestic economy.

The estimates now prepared by Nomura are based on the assumption of a continued upturn in the yen, giving it an average for the current fiscal year of ¥238.2 to the dollar, and of ¥233.7 next year, compared with ¥233.1 for the last year.

Nomura expects the yen to range between ¥250 and ¥240 in the current half-year. Currently it is around ¥241 having opened the fiscal year at ¥276.

Nomura also assumes that the Bank of Japan will cut its official discount rate further, to 3.75 per cent. in the first quarter of the new calendar year, from the

Myer's five year budget

BY JAMES FORTH

THE MYER Emporium, Australia's largest department store, has set a five-year budget of \$444.65m. in 1978-79 to around \$490m. The directors have budgeted for a \$A250m. expansion programme over the same period.

While medium term prospects appear healthy, the chairman

was less optimistic about the short term. He said the sales increase to date in the current year was "less than planned" and the maintenance of last year's profit for the first half would be a difficult order.

Mr. Steele said that a national election so close to Christmas was "not exactly assisting retail sales." He added that while it was encouraging to see that inflation was gradually being brought under control, along other signs of improvement stirrings in the economy, the maintenance of last year's profit in the first half would be very difficult to achieve.

"Above all the company's performance is inevitably linked with consumer confidence, and in the light of recent trends it was only natural that optimism should be tempered by caution," he added.

Sime Darby planning move to Far East

By Kevin Rafferty.

BOMBAY, Dec. 8.

TUN TAN SIEW SIN, the chairman of Sime Darby, said the company was drawing up plans to remove its registered office from London to South-East Asia. He could not give a date and said: "We are playing it by ear."

In an interview en route to Delhi, he added that a move was inevitable because of the number of shareholders based in the U.K. Fewer than 10 per cent. of Sime shareholders are in the U.K.; the vast majority now live in Malaysia and Singapore.

Kuala Lumpur will almost certainly be the new location of the company's registered office.

Tan Tan is visiting India to look at the activities of Shaw Wallace, Sime's subsidiary in this country.

The past year has seen the company pay much more attention to its South-East Asian bases and especially to Malaysia. Up till now Sime has been unique in that its registered office is in London, its operating headquarters in Singapore, while the bulk of its physical assets are in Malaysia. Four separate shareholders' registers are kept in London, Hong Kong, Singapore and Kuala Lumpur.

Following successful pressure from the Malaysian Government established company Pertana Securities to get greater South-East Asian representation on what had been a European expatriate dominated Board, Kuala Lumpur has effectively become Sime's operating headquarters. Both Tan Tan and the new chief executive Mr. Scott are based in the Malaysian capital.

The chairman, however, emphasised that Singapore "continues to be of great importance to us"—obviously because of its role as a financial and communications centre.

Tan Tan hinted that Sime was investigating the possibility of a multi-million dollar joint investment project with Danlop, the company for which Mr. Scott formerly worked. There is an obvious possibility of a link, Sime is one of the Malaysia's most important rubber plantation companies.

JARDINE IN S. AFRICA

Prospects at Rennie's

BY RICHARD STUART IN JOHANNESBURG

RENNIE'S, THE 71 per cent. owned South African subsidiary of Jardine Matheson, is facing a painful reassessment of its under-capitalised and several future directions. Once the merger attempt with asset situation had failed, while in local financial circles, the Jardine involvement was regarded as a serious earnings decline.

The situation is not helped by an extended balance sheet and by the reluctance of its parent to commit further funds to South Africa.

Jardine can be excused this attitude if one considers the terrible pounding it has taken on its original investment. The 51 per cent. stake, taken in mid-1975, cost Jardine over \$40m. and is now worth barely \$10m. Jardine bought into Rennie's in two tranches, one at 250 cents a share and the other 350 cents. The share price is now 95 cents, but besides this fall, the decline in the value of Jardine's holdings was aggravated by the Rand devaluation shortly after the initial investment and the subsequent collapse in the Securities Rand.

Jardine badly misjudged both the economy and political environment of Southern Africa. The greater part of its original

investment in Rennie's was by cent. and as high as 120 per cent. when off balance sheet leases are included. The aim is to reduce these ratios to 80 per cent. and 100 per cent. respectively by the end of 1978 and thereafter. This can only be achieved by the disposal of assets and a number of sales of peripheral activities is contemplated.

The intention is to pay a 10 per cent. dividend this year, half the pay out of two years ago. Dividend cover will be sparse and on these fundamentals there is unlikely to be any major appreciation in the share price though the decline is probably in the process of bottoming out.

Building earnings cover is going to be a priority over the next three or four years, so the dividend while apparently maintainable at this level is unlikely to grow by any meaningful amount. Thus a recovery in the value of Jardine's investment will probably be an equally slow process.

Despite the adverse rub-off by its association with South Africa, Jardine indicates it has no intention of abandoning its investment and will live with Rennie's in the knowledge that it bought in at the top.

fortunate opportunity to de-gear Rennie's, partly through the optimism of its local management and partly under pressure from Jardine to invest the cash and maintain growth momentum, continued to expand into a contracting economy.

To restore its financial standing and satisfy reserve Bank requirements for allowable borrowing ratios for foreign controlled companies, the company now sees its primary objective as reducing gearing. The debt to equity ratio is currently in excess of 100 per cent.

SOUTH AFRICAN COMPANIES

Dorman Long Vanderbijl gain

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Dec. 8.

DORMAN LONG VANDERBIJL Corporation, the leading South African heavy engineering group, has managed to produce higher profits at the interim stage, despite repeatedly stated fears that contracting order books would inhibit earnings growth through 1977-78.

Pre-tax profits are 25 per cent. higher at R20.7m. for the first six months, though the company again warned that due to a reduction in inquiries for new work it does not expect that this level of earnings will be sustained in the second half.

Earnings rose at a more pedestrian pace, yet were still up 17 per cent. from 1976 to 1976, and the interim dividend was raised 5c to 55c. A higher tax rate and an increase in issued shares were behind the slower growth.

The number of shares in issue was increased by 200,000 to 7.9m. through the acquisition of British Steel's 40 per cent. minority holdings in Steel Wheel and Axle. With Dorman Long's shares currently being traded at 530c, this puts a price

tag of over R1m. on British Steel's holdings. British Steel does not anticipate it will affect its dividend policy through a minority shareholding which is to maintain a three times cover.

Dorman Long has made a further acquisition for R.5.5m. of its neighbouring heavy machine shop facility during the period. While it is not expected to have a favourable impact on earnings in the short-term, this facility has been purchased at substantially below replacement cost.

ever the outcome, the directors do not anticipate it will affect the current dividend policy which is to maintain a three times cover.

Dorman Long has made a further acquisition for R.5.5m. of its neighbouring heavy machine shop facility during the period. While it is not expected to have a favourable impact on earnings in the short-term, this facility has been purchased at substantially below replacement cost.

Rembrandt's half-year

FOR THE FIRST time in several years the interim profits reported by the secretive Stellenbosch-based Rembrandt group are directly comparable, writes Richard Stuart. The latest figures have not been altered by changes in the status of associate and subsidiaries, which in the past have always defied rational interpretation of the earnings.

The overall picture shows that earnings have maintained a steady upward path and are 18 per cent. higher at 78 cents a share for the first half. The interim dividend has been raised one cent to 11 cents a share and as this increase has lagged behind earnings growth, the margin has not been altered by changes in the status of associate and subsidiaries, which in the past have always defied rational interpretation of the earnings.

The final dividend is expected to be at least repeat the 11 cent interim, so on a projected 22 cent dividend, Rembrandt continues to enjoy a premium rating with a 8.5 per cent. yield.

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Magnum struggle resolved

By Wong Sulong

KUALA LUMPUR, Dec. 8.

THE POWER struggle in the boardroom of Magnum Corporation, the Malaysian lottery organisation which led to the resignation of its chairman and chief executive and six other directors a fortnight ago, now appears to have been resolved through a compromise between the major shareholders.

Starikot Nominee, Bumputra, a subsidiary of Bank Bumputra, which is believed to have supported the former chairman, Datuk Khoo Kay Peng, has agreed to withdraw its demand for an Extraordinary General Meeting scheduled for today. The meeting was intended to question the existing board of directors in Magnum about the company's 7.5m. Ringgit investment in the loss-making Malaysian Titanium company, and also about the director's undisclosed interest in a company supplying raw materials to Malaysian Titanium.

The investments were made before Datuk Khoo and his group joined the Board.

In return for the withdrawal of today's meeting, the existing directors, generally regarded as the "old guard," have agreed to the appointment of seven other directors, acceptable to Nominee Bumputra, and leaders of the Malaysian Chinese Association, who hold a substantial interest in Magnum.

Among the new directors is Mr. Tan Koon Swan, who is expected to replace Datuk Khoo as the new chairman of Magnum. Mr. Tan, who was behind the unsuccessful bid by Genting Highlands to block the merger of the three Harrisons and Crossfield plantations earlier this year, is now chairman of the mining and construction company Supreme Corporation.

Israeli banks announce link

BANK HAPOLIM has acquired a 30 per cent. interest in Bank Otzar Hahayal, winning a tender for which the three major Israeli banks competed, it was announced today.

The merger contract provides for the ample expertise and experience of Bank Hapolim to be placed at the disposal of Bank Otzar Hahayal which serves soldiers, war invalids, veterans, and workers of the industrial establishments of the defence forces.

In this context, the banking services of Otzar Hahayal will be expanded and its clients will have access to the "isracard" credit system of Bank Hapolim which covers hundreds of firms in Israel. They will also be free to cash cheques at any of the 283 branches of the Bank Hapolim group and enjoy all other facilities and amenities offered by the major banks.

sta Rica

Term Loan

Pretabail-Sicomi a French property leasing company

Earnings for the financial year as at 31st December 1976 and for the six months up to 30th June 1977 after the merger of Pretabail-Sicomi with Coffipa-Sicomi and Batibail-Sicomi.


Earnings for the 1976 financial year. The Company's net profit amounted to 45.5 million (French) francs for the 1976 financial year. It allowed the distribution of a dividend of francs 31.30 per share on 16th May 1977. (Francs 25.76 for the 1976 financial year.)

Financial position of the Company as at 30th June 1977. At that date and after the Company's merger with Coffipa-Sicomi and Batibail-Sicomi (both of them Sicomi and limited liability property-leasing companies), the net profit amounted to 37.7 million francs and new investments from the beginning of the year amounted to 75 million francs. The annual net profit for the 1977 financial year should amount to about 75 million francs, allowing for a dividend of about 35/36 francs per share to be distributed in May or June 1978.

Pretabail - Sicomi

Registered office: 24 rue Esclapart - 75016 Paris/France

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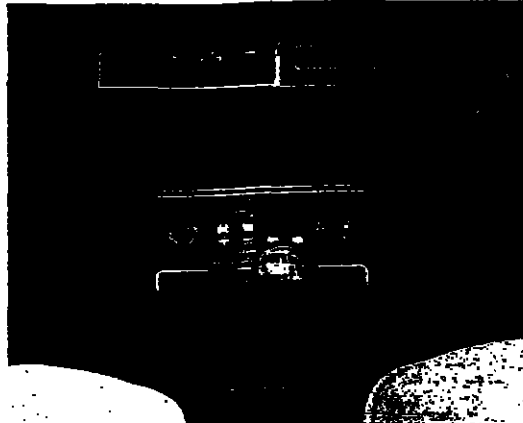
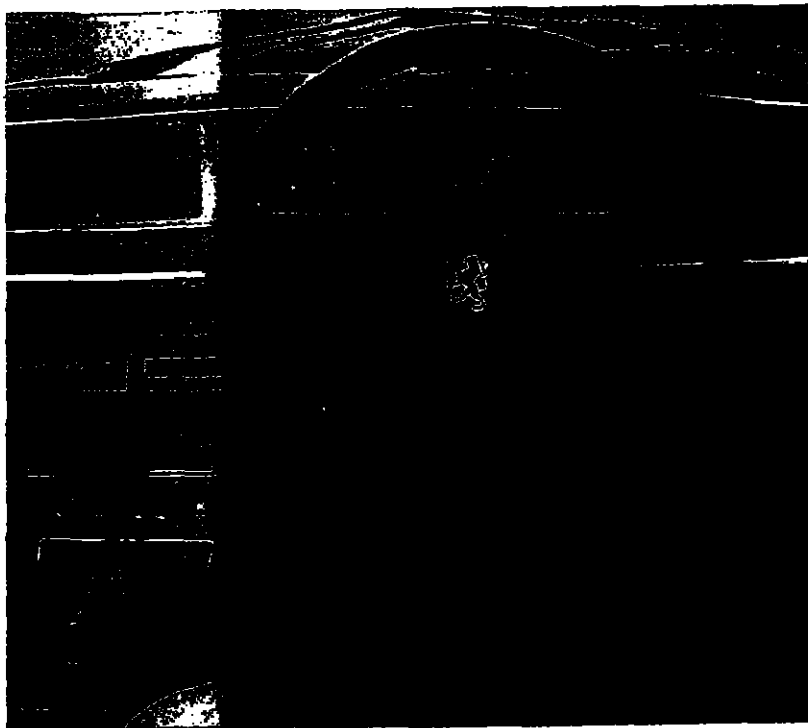
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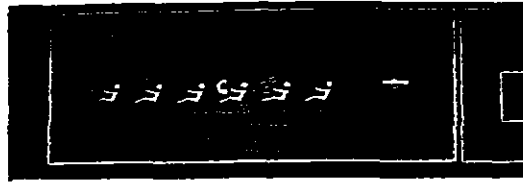


November 1977

Peugeot 604. Sumptuous surroundings are standard.



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John Smith

FARMING AND RAW MATERIALS

Fish talks 'delayed by EEC'

By Our Own Correspondent MOSCOW, Dec. 8. ALEXANDER ISHKOV, the Soviet Fisheries Minister, said today to hold fishing talks with common market countries but to blame for the current tension in fishing relations solely on the EEC.

Japan urged to buy up 'cheap' LME copper

MASAO KAMEI, President of Sumitomo Electric Industries, believes Japan should buy and "freeze" about 800,000 tonnes of copper from London Metal Exchange stocks—now estimated at 637,800 tonnes.

In the non-ferrous metal sector, he said that world zinc consumption was only expected to rise 2-3 per cent this year. This was because of the troubled state of the steel industry and a trend towards lighter motor vehicles requiring less zinc.

Mexico ban on coffee sales ended

MEXICO CITY, Dec. 8. MEXICO HAS resumed coffee export sales on the international market, Sr. Daniel Morales, commercial director of the Mexican Coffee Institute, announced here.

FARMING'S FORECASTERS

Prophets who can not get it right

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MANY YEARS AGO, a charming, old man in a cottage near my farm. He had obviously seen better times, and I asked him how he had come to sink to such a bare existence on the then equivalent of social security.

'Absurd to help potato profiteers,' says MP

FINANCIAL TIMES REPORTER

U.K. Government was asked today to permit an artificial price of potatoes to satisfy "greed" of producers.

Russia expects sugar yield of 8m. tonnes

BY DAVID SATTER MOSCOW, Dec. 8.

THE SOVIET UNION is expected to produce 8m. tonnes of sugar from its 1977 sugar beet crop, according to the Soviet news agency, TASS.

Bauxite nations agree minimum price

KINGSTON, JAMAICA, Dec. 8.

THE ELEVEN member countries of the International Bauxite Association have unanimously agreed on a minimum price of \$24 a tonne for base-grade ore sold next year on the North American market.

Mexican wheat output 'cut by drought'

WASHINGTON, Dec. 8.

MEXICO'S 1977 wheat output is estimated at 2.35m. tonnes, down from last year, due to drought and a smaller planted area, the U.S. Agriculture Department reported.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for various commodities like Tin, Copper, Zinc, Lead, Silver, Gold, and their prices in London and other markets.

PRICE CHANGES

Table showing price changes for various commodities such as Wheat, Soybean Meal, Sugar, and Wool Futures.

U.S. Markets

Table showing U.S. market prices for Grains, coffee and sugar firm.

FINANCIAL TIMES SURVEY

PRECIOUS METALS

Financial Times is preparing to publish a survey on Precious Metals. The main headings of the editorial synopsis are set out below.

GRAINS

LONDON FUTURES (WHEAT) - A quiet morning saw little change in prices.

MEAT

MEAT COMMISSION - Average prices for various meats including beef, lamb, and pork.

FINANCIAL TIMES

Table showing financial indices like FTSE 100, DOW JONES, and REUTERS.

PRODUCTION

Gold, silver and platinum up of metals have become a popular source investment for funds seeking protection from inflation and currency rate change.

SILVER

Silver was steady on an ounce higher for spot delivery in the London Bullion Market Association at 284.50.

WOOL FUTURES

LONDON - Wool futures prices were steady in quiet trading conditions.

REUTER INDEX

REUTERS' commodity index showed a fall of 60.2 yesterday, largely reflecting a sharp decline in the average price of Brazilian coffee.

COCA

Quiet conditions prevailed with profit-making prices for raw materials towards the close. Oil and Duffin reported.

RUBBER

STADIUM opening on the London physical market. Good demand throughout.

MEAT/VEGETABLES

MEAT COMMISSION - Average prices for various meats including beef, lamb, and pork.

REUTER INDEX

REUTERS' commodity index showed a fall of 60.2 yesterday, largely reflecting a sharp decline in the average price of Brazilian coffee.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

JUTE

QUINCY JUTE - Quiet. Prices for various grades of jute.

MEAT/VEGETABLES

MEAT COMMISSION - Average prices for various meats including beef, lamb, and pork.

REUTER INDEX

REUTERS' commodity index showed a fall of 60.2 yesterday, largely reflecting a sharp decline in the average price of Brazilian coffee.

Why gas and oil should keep in step

A REPORT being calculated within the offshore industry has called into question the way North Sea oil and gas reserves are being exploited. It has shown that unless the resources are developed as a whole—that is, oil, gas and natural gas liquids through an integrated production system—billions of pounds worth of revenue could be lost.

The report itself avoids controversy. It provides a detailed technical and economic analysis of ways in which offshore reserves can be exploited. But it brings into sharp focus the problems confronting the Department of Energy and the individual energy industries which are now working on longer-term development plans for the North Sea. At the heart of this debate there is the concern about the speed at which reserves should be developed (the depletion rate); about whether Britain should become an important net exporter of oil, gas and associated products; the conflicting opinions about the need for an ambitious gas gathering system; and the uncertain prospects of British and Norwegian interests combining some of their production and transportation facilities.

It may come as a surprise to many of those not in the offshore industry that these issues are far from resolved, although the North Sea is already meeting half of British oil requirements and 98 per cent of the natural gas needs. Indeed, no early solutions are in sight.

Take only one of these issues, previously mentioned in this column. Within the next few weeks the Government should receive a report from the consultative company, Gas Gathering Pipelines (North Sea) outlining ways in which deposits of associated gas and gas condensate might be recovered. It is likely to recommend at least making a start on a gathering network which could, if fully implemented, cost £5bn. to build. The fact that such an ambitious scheme is on the cards and that it looks desirable to many, has now been confirmed several times in ministerial speeches. This week Mr. Anthony Wedgwood Benn, Energy Secretary, told the London Chamber of Commerce that the construction of a gas-gathering network might be a way of directing North Sea from the co-ordinated development of crude oil and gas pipelines, preferably serving fields in both the Bristol and Norwegian sectors. Even greater rewards would result from the creation of new premium markets for the natural gas liquids in Western Europe.

Such a distribution system would result in "reduced collection costs, minimising the loss of gas through flaring, and give more attractive economics to marginal fields that could be tied into the system."

The pipeline system as envisaged would cost well over £3bn. The report estimates that around \$5.6bn. (at 1976 prices) would have to be spent merely on the offshore gas and liquids collection scheme, and this makes no allowance for certain necessary facilities like platform compressors, and the land trunk lines. In addition it is estimated that between \$714m. and \$1.2bn. would have to be spent on pipelines to carry natural gas liquids to the petrochemical centres of North West Europe.

On this basis production from both the British and Norwegian sectors could reach by 1985 over 5m. barrels of oil a day, 12bn. cubic feet a day of natural gas, and up to 30m. tonnes a year of gas liquids. It is often overlooked that North Sea reserves include about 12.5 per cent of gas liquids in terms of weight, hydrocarbons that are valuable as a chemical feedstock, or as a premium fuel. Without an integrated collection system the gas and gas liquids content in reservoirs could be wasted. This is the case with fields in quadrants nine and 16, for instance.

In general, reservoirs in that area have a high ratio of gas to oil. Buchanan and Clacher make the point that in a field with a gas/oil ratio of 2,000 cu. ft. of gas per barrel of oil, a company could lose about 30 per cent of potential revenue by flaring the gas content.

So if the Pan Ocean group is to optimise the revenue from its Brae Field, on block 16/7, for instance, it must install a system capable of handling oil, gas and gas liquids. The crude tested in the first well had a gas/oil ratio ranging from 3,000 cf./b. to 7,000 cf./b., and the crude in the seventh well contained even more gas.

Partners involved in Brae are now somewhat anxiously awaiting the results of the 10th and 11th wells which are being drilled in the southerly part of

The opportunities for a big gathering scheme were mentioned at the recent meeting of the Energy Commission when, by all accounts, Sir Denis Rooke, chairman of British Gas, repeated his reservations. He is afraid that Britain could catch a bout of the so-called Dutch Disease: that by building a mass of pipelines it will be forced into exploiting too quickly the limited gas reserves at a rate well in excess of domestic demand. While, in the short term, the Gas Corporation (and perhaps the oil industry) might benefit from exports to the energy-hungry Continent, the thought of additional profits does not particularly appeal to Sir Denis. The Corporation is expecting big profits as it is. He is more concerned with maintaining supplies to his premium customers for as long as possible.

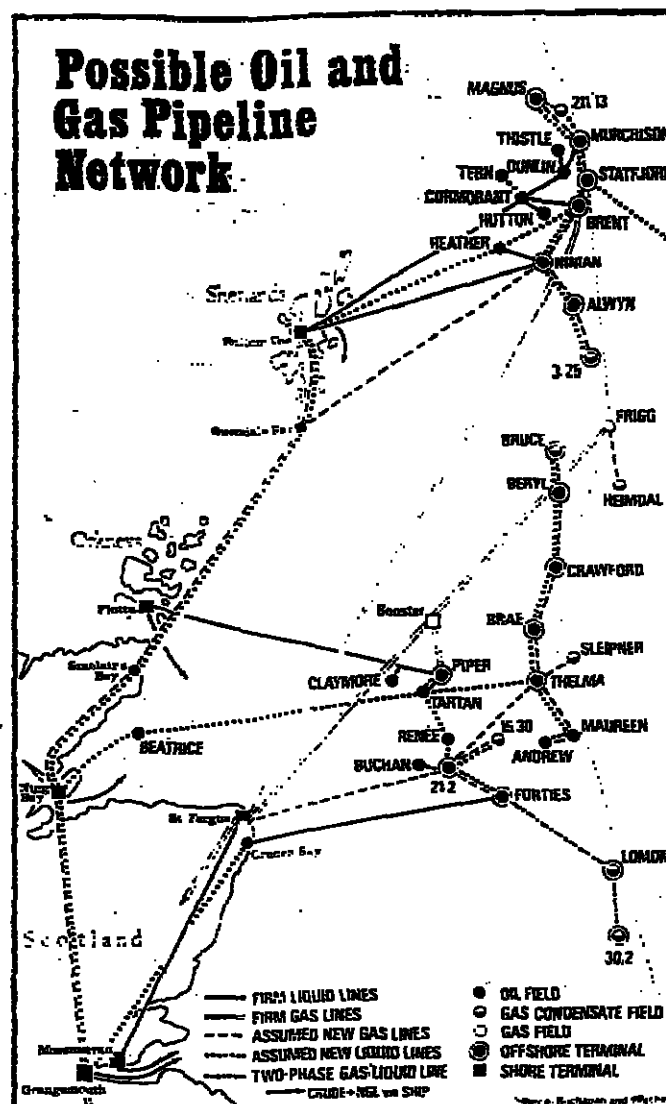
However, if the North Sea resources are to be exploited in a way which provides the country with the maximum economic advantage, it might not be possible to impose differing depletion regimes on oil and gas. Without gas-gathering provisions the offshore operators would either have to delay some oil field development schemes, or exploit offshore reserves at less than their maximum potential.

Favoured

This is what makes the new offshore report so important. Prepared as a multi-client study (at £3,000 each) by Buchanan and Clacher, the process of various alternative ways in which the reserves might be recovered. The firm favoured with a gas/oil ratio of 2,000 cu. ft. of gas per barrel of oil, a company could lose about 30 per cent of potential revenue by flaring the gas content.

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Partners involved in Brae are now somewhat anxiously awaiting the results of the 10th and 11th wells which are being drilled in the southerly part of



these smaller accumulations to replace production from the Brae, Forties and Ninian fields," the report says. "The development of marginal fields will, of course, call for tax incentives."

The Buchanan and Clacher scheme foresees the need for two lines to serve the portion of the Continental Shelf in quadrants 9 and 16: one to carry crude oil and natural gas liquids, the other to carry natural gas. Indeed, the routing of the proposed gas line corresponds closely to the plan being formulated within GGP (North Sea). It may well be that eventually a new gas line will be built from a point around the Brae and Beryl fields through Crawford, Brae and Thelma and to shore at St. Fergus.

Buchanan and Clacher see the wisdom of linking the Norwegian Sleipner gas condensate field to this system. In the same manner the consultants believe that an economic case can be made for the transportation of Stafford gas through a British system. This possibility is already being considered by both the British and Norwegian Governments, although much depends on the nationalistic attitude on each side of the median line and the arrangements for transporting Norwegian gas to the Continent via Britain.

Few in the offshore industry or the respective Governments underestimate the problems involved in developing an integrated system. But at least the report quantifies some of the advantages. Capital expenditure saved on gas gathering alone could be worth \$1.8bn. in 1982 values when an integrated system is compared with two separate British and Norwegian systems. The unit cost of carrying gas and gas liquids through a unitary system would be \$4.13 a tonne less than the average of \$13.51 a tonne calculated for the independent pipelines, again at 1982 prices.

The fundamental question to be answered is whether these benefits and the external payments most derived from the full exploitation of gas reserves over the next decade or so outweigh the advantages of preserving the resources for a later date, when fossil fuels could be in even shorter supply.

This is the message given by the U.K. Offshore Operators Association in its report to the Energy Commission. It will quite probably require the development of 30 or more of

Financial Times Friday December 9 1977

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World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, December 7, 1977. These exchange rates have been compiled by Bank of America NT & SA's worldwide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of December 5 at 11:00 a.m.
3 months 7 1/8 6 months 7 1/2

SDRI = SCSL19377

Country	Currency	Value of DLR	Country	Currency	Value of DLR	Country	Currency	Value of DLR
Afghanistan	Afghan (m)	42.00	Guam	U.S. \$	1.00	Peru	Peru	118.88
Algeria	D. R. (m)	2.3201	Guatemala	Guatemal	1.00	Philippines	Phil. Peso	12.843
Algeria	Dinar (a)	13.1115	Guinea Bissau	Guinea Bissau	40.50	Poland	Pol. Zloty (m)	4.2007
Andorra	Fr. Franc	4.837	Guinea Rep. S.W.	Guinea Rep. S.W.	21.4107	Portugal	Port. Escudo	48.48
Angola	Angolan Escudo	20.48	Guyana	Guyana	2.1638	Port. Timor	Port. Escudo	48.48
Argentina	E. Argentine \$	1.7023	Haiti	Haitian Gourde	5.00	Principe Is.	Port. Escudo	48.48
Argentina	N. Argentine \$	241.26	Honduras	Honduran Lempira	2.00	Puerto Rico	U.S. \$	1.00
Australia	Australian \$	1.4904	Hong Kong	H.K. \$	1.00	Qatar	Qatar Rial	3.3585
Austria	Schilling	13.7603	Hungary	Hungarian Forint (m)	20.27	Reunion	Reunion	4.527
Bahamas	Bahamian \$	1.00	Iceland	Icelandic Krona	212.00	Rhodesia	De la French Franc	9.800
Bahrain	Bahraini Dinar	4.7603	India	Indian Rupee	47.50	Romania	Romanian Lei	4.87
Bangladesh	Taka	82.23	Indonesia	Indonesian Rupiah	1,576.96	Rwanda	Rwanda Franc	92.54
Barbados	Barbadian \$	2.00	Iran	Iranian Rial	10.2500	St. Christopher & Nevis	Caribbean \$	2.7023
Belize	Belizean \$	2.00	Iraq	Iraqi Dinar	1.00	St. Helena	St. Helena \$	2.7023
Bermuda	Bermudian \$	2.00	Israel	Israeli Sheqel	1.00	St. Kitts & Nevis	Caribbean \$	2.7023
Bhutan	Bhutanese Ngultrum	2.00	Italy	Italian Lira	2036.27	St. Lucia	St. Lucia \$	2.7023
Bolivia	Bolivian Peso	2.00	Jamaica	Jamaican \$	1.00	St. Vincent & the Grenadines	Caribbean \$	2.7023
Bonaire	Dutch Guilder	1.00	Japan	Yen	360.00	Saint Martin	Dutch Guilder	1.00
Brazil	Brazilian Cruzeiro	270.00	Jordan	Jordanian Dinar	0.225	Rao Tiro	Port. Escudo	48.48
Britain	British \$	1.00	Kampuchea	Riel	100.00	Saudi Arabia	Riyal	2.00
Bulgaria	Bulgarian Lev	1.00	Kenya	Kenyan Shilling	100.00	Senegal	C.F.A. Franc	200.48
Burkina Faso	Burkinabese CFA Franc	200.48	Korea (S)	Won	100.00	Sierra Leone	Sierra Leone Leone	1.00
Burundi	Burundian Franc	200.48	Kuwait	Kuwaiti Dinar	4.00	Singapore	Singapore Dollar	1.00
Cameroon	Cameroonian CFA Franc	200.48	Laos	Laotian Kip (m)	200.00	Somalia	Somali Shilling	200.00
Canada	Canadian \$	1.00	Lebanon	Lebanese Lira	1.00	South Africa	Rand	1.00
Cape Verde	Cape Verdean Escudo	200.48	Libya	Libyan Dinar	1.00	Sudan	Sudanese Pound	1.00
Cayman Is.	Caymanian \$	1.00	Luxembourg	Luxembourg Franc (m)	200.48	Taiwan	New Taiwan \$	36.70
Cuba	Cuban Peso	24.00	Madagascar	Malagasy Franc	4.00	Tanzania	Tanzanian Shilling	200.00
Cyprus	Cypriot \$	2.00	Malawi	Malawi Kwacha	1.00	Thailand	Thai Baht	20.00
Czechoslovakia	Czechoslovak Koruna (m)	20.00	Malaysia	Malaysian Ringgit	1.00	Togo	Togolese C.F.A. Franc	200.48
Denmark	Danish Krone	6.4635	Mali	Mali Franc	200.48	Tonga	Tongan Pa'anga	2.00
Dominican Republic	Dominican Peso	1.00	Martinique	Martinique Franc	200.48	Trinidad & Tobago	Trinidadian \$	2.00
Ecuador	Ecuadorian Centavo	100.00	Mexico	Mexican Peso	16.67	Tunisia	Tunisian Dinar	4.00
Egypt	Egyptian Pound	1.00	Mozambique	Mozambique Escudo	200.00	Turkey	Turkish Lira	1.00
El Salvador	Salvadoran Colon	100.00	Nicaragua	Nicaraguan Cordoba	100.00	Turkey C.	U.S. \$	1.00
Equatorial Guinea	Equatorial Guinean CFA Franc	200.48	Netherlands	Dutch Guilder	1.00	Uruguay	Uruguayan Peso (m)	16.67
Ethiopia	Ethiopian Birr	2.00	New Hebrides	Fr. Franc	200.48	USA	U.S. \$	1.00
Falkland Is.	Falkland Is. \$	1.00	Norway	Norwegian Krone	4.7603	Vanuatu	Vanuatu Vatu	200.00
Fiji	Fiji Dollar	2.00	Oman	Omani Rial (m)	1.00	Venezuela	Venezuelan Bolivar (m)	200.00
France	French Franc	6.5596	Pakistan	Pakistani Rupee	100.00	Yemen	Yemeni Rial	1.00
French Polynesia	French Polynesian Franc	100.00	Panama	Panamanian Balboa	1.00	Zaire	Zaire Franc	1.00
Germany	West German Mark	1.00	Paraguay	Paraguayan Guaraní (m)	100.00	Zimbabwe	Zimbabwe Dollar	1.00
Ghana	Ghanaian Cedi	1.00	Peru	Peruvian Sol	1.00			

For further information please contact your local branch of the Bank of America.

though it is keeping open its oil transmission options. Phillips may commit itself to the development of Maureen early next year, while the other finds could well be put into the commercial category within the next couple of years.

Wood Mackenzie reckons that total recoverable reserves in these five fields lie in the 970m. to 1.8bn. range, while the estimated peak production will be around 372,000 to 427,000 barrels/day. In other words these five fields taken together are likely to be insufficient to replace even one of the early finds—British Petroleum's Forties Field.

This is the message given by the U.K. Offshore Operators Association in its report to the Energy Commission. It will quite probably require the development of 30 or more of

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FINANCIAL TIMES REPORT

Friday December 9 1977

CITY BANK REDEVELOPMENT

Bishopsgate site first stage completed

By H. A. N. Brockman, Architecture Correspondent

TERM "PRESTIGE" is but overworked these but if it is to be used in a sense of near-perfection certainly be applied to building for Le Banque

oo long has the architect embasted for his part in commercial and housing ex of the 1950s and 1960s. pless, during the past 10 much extremely good as been done by those ts who have been fortun- ough to be approached ts who wish for good and are prepared to pay

case of this building, s inflation denied the accommodation as y planned, there was t money to spend on ace and the quality of undings.

RY describing the buildy be of interest briefly to the history of the e architects were com- to produce a design for three on a very large area corner of Leadenhall d Bishopsgate.

s land holdings were ver the site. One of lot owned by National s, was bought to extend e north. The next for Nine Elms which received banks, Antony Gibbs s, and Baring Bros. Financial Times Industrial dings, closely inter-

locked and the brief was to fit the three areas on to the site while at the same time conforming to a severe cutting back to create a substantial road widening on the Bishopsgate frontage.

None of the existing buildings could be profitably adapted; the very large holding belonging to Barings, for instance, comprised a rabbit warren of corridors and light wells threading its way through from Leadenhall Street to Bishopsgate. At this stage the Architects produced as many as 25 schemes ranging from a single tower to many variations on the final design. The town planning application was eventually co-ordinated as a comprehensive development with Sidney Kaye Firmin and Partners as architects for the Antony Gibbs building and Collins Melvint and Ward to do the detailed designs for Barings and Le Banque Belge, the latter being the first to be completed.

The GMW Partnership, as the firm prefers to be known, has a great and deserved reputation for the design of buildings of real quality. The nearby "blackwidow" tower for Commercial Union and the adjoining P & O building are two and a really outstanding scheme for the extension of Covent Garden Opera House is another. The partnership also designed the Covent Garden Market scheme for Nine Elms which received a commendation in the Architecture Award for 1975. In

the present ease the City authorities were keen that the development should relate to the Commercial Union and P & O project and the detailed treatment of the elevations was consequently developed in accordance with that requirement.

The building is of seven storeys above street level with a set-back containing plant rooms above the top storey. The room heights in the middle

end of the hall a screen of dark glass shields the telephone room from the visitor, but enables switchboard operators (who usually have to sit in a windowless room) to see the coming and going in the entrance hall.

Access is gained from the left side of the entrance passage to a banking hall on the Leadenhall Street front. Lavatories, lift halls and staircases (the detail design in all of which shows the greatest care) are contained within a structural core of reinforced concrete which connects with the open planned floors at all levels. Colour in the large open office areas is carefully considered: carpeting is green, counters are of the same marble as that in the entrance

visitor; there are swing doors on either side. The entrance hall is a tour de force, simple yet dramatic. Of normal height, the floor and walls are of golden-hued marble, the angles where the floor meets the walls and the walls meet the ceiling are curved. At regular intervals white marble strips cross the floor and climb the walls to turn over and become lighting bands across the flat ceiling. At the

Three and a half floors have been sublet. Here the tenant clearly has no use for the good taste which lies behind the total design philosophy informing this building. The floors are being sub-divided with panelled partitions and doors in dark wood, with pseudo-classic brass door furnishings, the carpets are equally out of place. Why could there not have been a restrictive covenant in the lease to ensure the interior preservation of this high quality design? This is a very sad state of affairs.

The building was erected for Bishopsgate Estates at a cost of over £m. The gross area totals some 92,600 square feet at a cost per square foot of £83.5. Accommodation comprises office space on six floors, some 6,000 square feet per floor, together with ancillary areas at seventh floor, lower ground and basement levels. In addition to the main entrance on the Leadenhall Street frontage there is a secondary entrance via the lower ground floor with access from Under Shaft and covered parking for six cars.

The structure consists of reinforced concrete for the basements and above ground, a steel frame with lightweight concrete floors and a reinforced concrete service core.

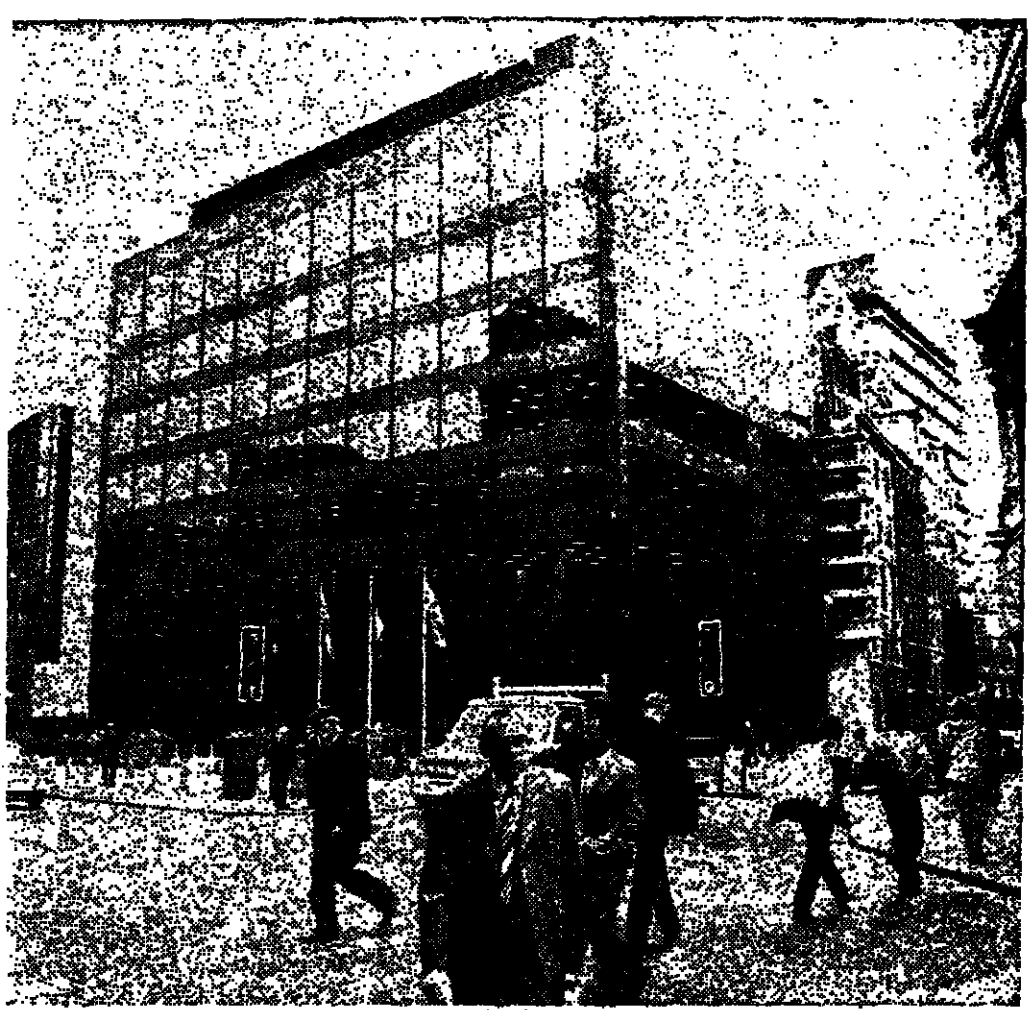
DESIGN AND CONSTRUCTION	
Architects:	The GMW Partnership
Structural Engineers:	Scott Wilson Kirkpatrick
Mechanical & Electrical Engineers:	Rybke Smith & Ginker
Quantity Surveyors:	Langdon & Every
Contractor:	Sir Robert McAlpine & Sons

hall, ceiling lighting is in a pleasant grid of square lights in a surround of purpose-designed ceiling tiles; the floor to ceiling windows are curtained in white vertically louvred blinds.

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The Bishopsgate/Leadenhall Street frontage.

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It is symptomatic of Banque Belge's special personality—based on an ability to remain always itself yet continue to grow with the times—that it did not, as many might have, seek to move elsewhere when it became necessary to alter radically the building in which it had resided for many years. It chose instead to redevelop the site in the heart of the City it had occupied for decades and there has today risen a superbly designed structure that both inside and out is becoming one of the landmarks of the City of London.

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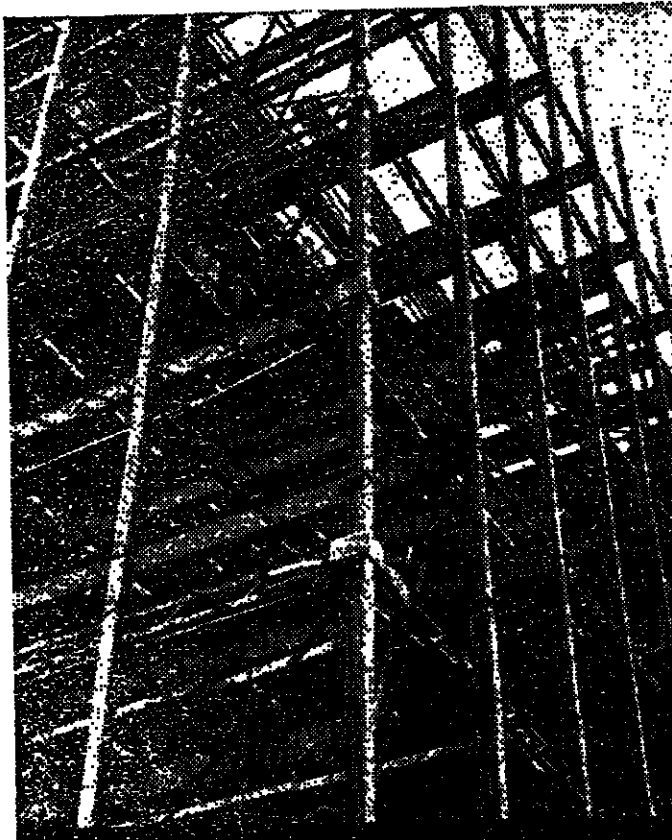
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Long-standing associations

WHEN BANQUE Belge's fore-runner first opened an office in Britain close to 70 years ago there were probably no more than two dozen foreign banks operating in the City of London. To-day there are 285 foreign banks directly represented in the City, according to The Banker, and another 73 are indirectly represented through consortium banks.

As a group foreign banks in London control around £100bn. in assets and they are roughly three times the size of all the London clearing banks put together. Admittedly, the vast bulk of their business is in foreign currency, but their involvement in sterling business is not insignificant. Sterling deposits of £8.7bn. last summer compared with a figure of £25bn. for the clearers.

These few statistics underline the importance of the foreign banking community in the City of London — something which is not always realised outside the Square Mile.

In terms of employment alone they are significant—over 23,000 people work in foreign banks in the City — but their real contribution to the City has been to consolidate its position as the world's leading financial centre. More foreign banks are represented in London than in any other major financial centre. London clearly has a lot to offer a foreign bank in terms of business contacts—28 new banks have opened over the past year, for example.

However, London would not be the world's leading financial centre if the foreign banking community had not appeared. Take, for example, the international capital markets. British banks operate in the Eurocurrency markets but it was London's foreign banking community that really put the marker on the map. Another example is medium-term lending. British banks have become important suppliers of medium-term finance to British industry recently, but it was the foreign banks, particularly the Americans, that gave them the idea.

Yet another example of how the foreign banks have contributed to the City's development is the certificate of deposit (CD)—the first issue was put together by a foreign bank. Since then the London clearing banks have come to rely quite heavily on CDs. Obviously the foreign banks have learnt many things themselves from British institutions, but the City has a lot to thank the foreign banks for.

Speciality

As one of the oldest established foreign banks in the City, Banque Belge is looked upon as something of an elder statesman in the foreign banking community. One speciality that marks it out from the rest of the bunch is that it occupies a privileged position in the City money markets by being one of only five banks authorised by the Bank of England to act as a money trader on the London Discount market.

Money trading banks carry out deals in short-term securities like those normally undertaken by a discount house. The other money traders are Algemeine Bank Nederland, Keyser Ullmann, Leopold Joseph and Samuel Montagu. Until recently the Ionian Bank was also a money trader but it closed its doors last year.

Unlike most of the foreign banks, Banque Belge is a U.K. limited company and not just a branch. As a result it has a local board and apart from the representatives of its Belgian parent, counts such illustrious figures as Lord Adeane and Sir Sino-Belge's European business John Beith (ex-U.K. Ambassador to Belgium) among its directors.

The bank has an interesting pedigree. At the turn of the century King Leopold II of Belgium had his eye on the

business possibilities of the world overseas and Societe Generale was not far behind. In 1902 Banque Sino-Belge was established. This was in line with the views of the King but the real promoters were Paul de Favereau, the Minister for Foreign Affairs, and Baron Baeyens.

Belgium was heavily involved at that time in the construction of China's railway system and in particular the Pekin-Hankow Line. However, the completion of the railway was brought to an abrupt halt by the Boxer rebellion which led to widespread damage. The uprising was finally put down and Societe Generale notes with pride that after the aged Emperor had capitulated, her very first journey by rail brought her back into the Imperial City by the line built by Societe Generale.

After this China agreed to pay foreign countries an indemnity and the Belgians realised that this could prove a golden opportunity to set up a Belgian bank in China. According to Societe Generale's official history "it was to be on quite a

FOREIGN BANKS IN LONDON
(number directly represented)

	European	Total
1870	2	10
1914	8	29
1950	19	53
1960	28	77
1966	34	103
1970	50	161
1977	93	285

Source: The Banker.

modest scale so that the bigger countries should not take umbrage: but it was to be alert and active enough to hold its own among the big foreign banks in Shanghai. Consequently Sino-Belge soon opened its doors in Shanghai and under a convention with the Belgian Government it became the agent for distributing the Chinese indemnity to those entitled.

The Bank's business expanded so rapidly that it was decided to merge it with Societe Generale Africaine in 1905 and a London branch was opened in 1908. It followed this up with a branch in Cairo and later Alexandria. It picked a telegraphic code "Eglebonis" (which for students of crossword puzzles and anagrams is Sino-Belge spelled backwards). To this day Banque Belge in London still uses this code.

In 1913 the bank expanded its London operation by purchasing the Anglo-Foreign Banking Company which had been established in 1872. Shortly afterwards World War I broke out and although international trading relations were disrupted the London operation did not close its doors.

By 1917 it was clear that the bank's sphere of operations was changing and less emphasis was being put on the Far Eastern side of its business. Its business with the U.S. had grown to such an extent that it was able to justify opening an office in New York. This offshoot was controlled for many years, from London but in 1950 it was re-named the Belgian American Banking Corporation which eventually became part of the European American Banking group. This is now the American arm of the European Banks International Company, known as EBIC for short, and claims to be the largest foreign-owned bank in the U.S.

Apart from the North American connection, Banque Belge's European business grew increasingly important in the 1920s and in recognition of this the bank's name was changed on June 21, 1934, to Banque Belge pour l'Etranger (Orançais) and the London branch was turped into a

limited company. With the outbreak of World War II, Banque Belge found itself cut off from its Belgian parent but it continued to operate in London. After the war the bank's business returned to normal and it once again started playing an important role in financing trade between Belgium and Britain. In 1957 its name was shortened to Banque Belge and in 1970 it took over the London branch of Banque Sino-Belge S.A.

To-day, Banque Belge is the largest and oldest established Belgian bank in the City. It employs close on 200 and at the end of June had assets of £189.5m., which included advances of £65.9m. Apart from itself, two other Belgian banks now have London operations. Close to Bishoppate there is Bank Brussels Lambert (U.K.) and over on Moorgate there is Reliance Banque Belge Zairoise. The latter is affiliated to Banque Belge since it operates under the Societe Generale umbrella but both banks together employ less than 30 staff and Banque Belge remains the most important Belgian bank in the City.

Banque Belge is ultimately owned by Belzium's giant industrial holding company, Societe Generale de Belgique and Belgium's leading bank, Societe Generale de Banque. The latter was formed by the merger of three Belgian banks in 1863—Banque de la Societe Generale de Belgique (established 1822), Societe Belge de Banque (established 1935) and Banque d'Anvers (established 1827). It operates over 1,100 branches in Belgium and has more than 250 offices abroad.

In terms of size Societe Generale de Banque is somewhat smaller than its French namesake. According to The Banker's latest rankings it is the 55th largest bank in the world with assets of \$15.7bn. It is the largest bank in Belgium and both Kredietbank (\$7.7bn.) and Bruxelles Lambert (\$9.9bn.) are considerably smaller. In terms of other international banks it is slightly larger than Toronto Dominion and slightly smaller than Security Pacific.

—But although it does not rank among the top ten banks in the world in terms of size, Societe Generale has a long international banking tradition. In common with the Midland Bank and Amsterdam Rotterdam Bank, it has put considerable effort into the development of the EBIC group which is generally considered to be the most successful of the so-called "banking clubs."

Apart from its own affiliates such as Banque Belge in Paris and H. Albert de Bary and Co. in the Netherlands, much of Societe Generale's international business is done through the affiliated EBIC banks. In London, for example, there is European Banking Company, which will soon move into part of Banque Belge's new offices, and the European Arab Bank, while overseas there are so many EBIC affiliates that one can easily lose count.

In the Far East there is the European Asian Bank, and in Australia the Euro-Pacific Finance Corp. In North America there is European American Bank and in South America there is Banque Euro-Latine (BEAL).

Finally Societe Generale de Banque conducts a large amount of international business directly from Brussels. Aside from commercial banking it is important in the international capital markets. Last year, for instance, it co-managed 42 syndicates for issues totalling \$1.8bn. and was involved in the underwriting and placement of 181 issues totalling \$7.2bn. of Societe Generale de Belgique, by contrast, is more heavily involved in the non-banking field, although 38.4 per cent. of its share portfolio is tied up in banks, insurance and finance

companies. Another 18 per cent. is in non-ferrous metal and mineral companies while energy and construction industries account for another 20 per cent.

With this sort of backing it is not hard to see why Banque Belge plays such an important role in financing Anglo-Belgian trade. It claims to be "one of Britain's most experienced banks" in dealing with documentary credits and all forms of export financing. In addition, its Belgian parent has a special department specialising in foreign investment in Belgium and Banque Belge is a useful contact point for U.K. companies considering moving into Belgium and the Continent, generally.

Capital

In common with virtually every U.K. bank, Banque Belge did not escape entirely unscathed from the U.K. secondary banking/property crisis and it also suffered something of a setback following the hammering of stockbrokers Milton Butler Priest a few years ago. However, that is all in the past now and the bank's share capital has recently been more than doubled so that it is now well placed to increase its business substantially. In his latest chairman's statement M. Alloo, says that the increased capital "will enable the bank to participate further in the ever increasing opportunities which London, as the world's leading financial centre, can offer."

The bank's elegant new building on Bishoppate is an impressive symbol of its continued commitment to the City. In common with many of the older established foreign banks, Banque Belge has seen good times and bad in Britain. It has stuck it out through two world wars and while its profitability may sometimes have suffered because of setbacks in the U.K. economy, the City has benefited considerably from the presence of banks such as Banque Belge.

The U.K. economy and sterling might not be as internationally important as they were when Banque Belge first entered the City just after the war of the century but the City's international stature is anything but greater than it was. The banking community has adapted surprisingly well to the decline in sterling's international role. The disappearance of the domestic U.K. capital markets to foreign borrowers, and the spectacular financial crashes of 1974/75 have undoubtedly dented the City's reputation. But it has survived nevertheless and the financial community is more resilient than ever. The support and loyalty of the foreign banking community is one very good reason for this.

William Hall

BANQUE BELGE

	1972	1973	1974	1975	1976
Profit* (£000)	176	209	(211)†	50	74
Shareholders funds (£m.)	9.2	9.4	8.4	6.7	6.8
Advances (£m.)	44.8	42.4	46.8	47.9	55.9
Assets (£m.)	113.5	102.7	112.4	122.4	146.4

* Profit for the year after a transfer to inner reserves. †

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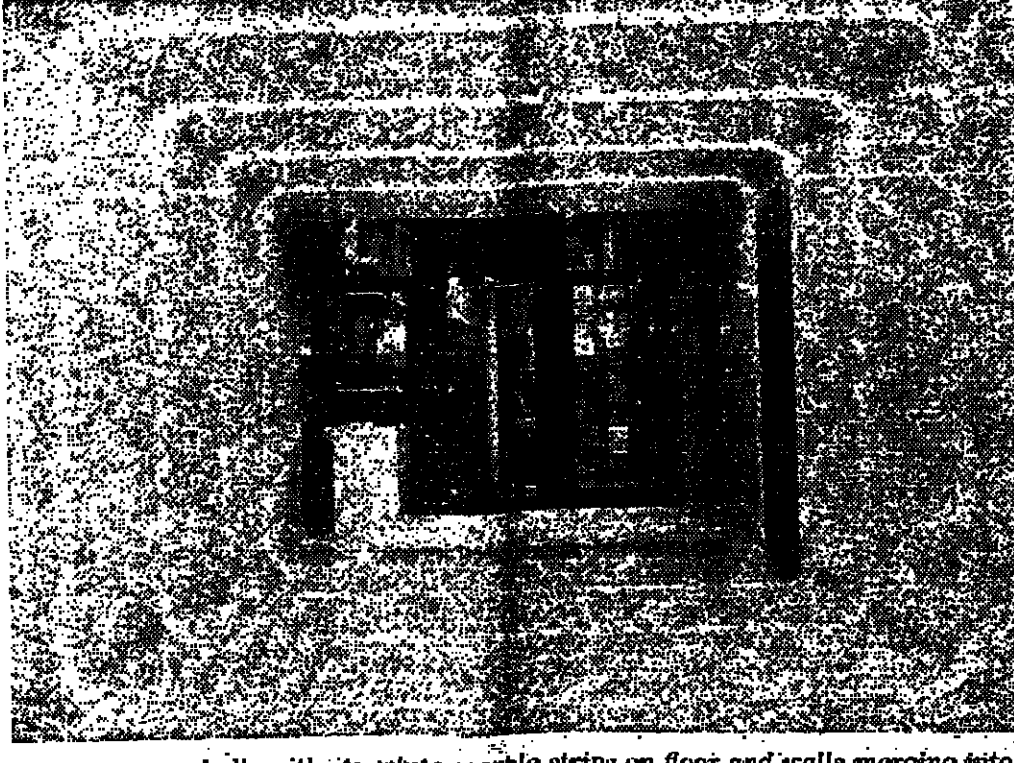
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The entrance hall, with its white marble strips on floor and walls merging into lighting strips on the ceiling.

John Beith

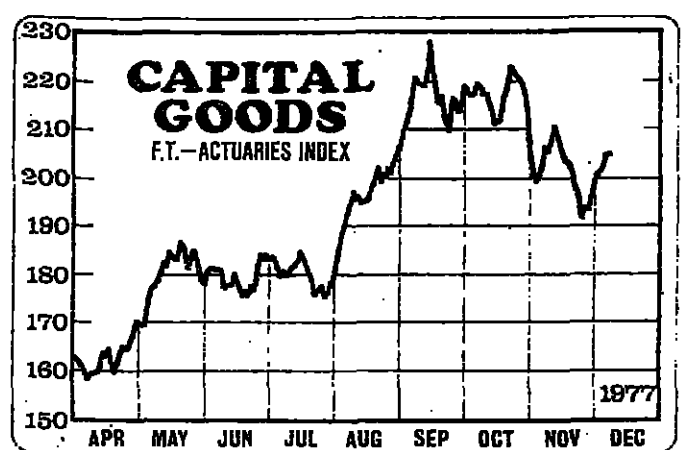
STOCK EXCHANGE REPORT

Equities tail off after attempted rally on miners' vote Trading level again disappoints—Short gilts ease further

Account Dealing Dates... First Declared Last Account... Equities tail off after attempted rally on miners' vote... Trading level again disappoints—Short gilts ease further...

market. The volume of business... Sporadic offerings in a market... Gilts irregular... The volume of business generally fell short of that seen over the last two days...

10 to 482p. Other miscellaneous... Assam Frontier fell 22 to 358p... Initial market reaction to the outcome of the latest International Monetary Fund auction was one of quiet satisfaction...



FINANCIAL TIMES STOCK INDICES. Table with columns for Dec 7, Dec 8, Dec 9, Dec 10, Dec 11, Dec 12, 1 year ago. Rows include Government Sec., Fixed Interest, Industrial Ordinary, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY. Table with columns for High, Low, High, Low, Dec 7, Dec 8. Rows include Govt. Sec., Fixed Int., Ind. Ord., Gold Mines.

NEW HIGHS AND LOWS FOR 1977. Table with columns for High, Low, High, Low, Dec 7, Dec 8. Rows include Govt. Sec., Fixed Int., Ind. Ord., Gold Mines.

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RECENT ISSUES. Table with columns for Issue, Price, High, Low, Stock, Change, etc. Rows include 1977, 1978, 1979.

FIXED INTEREST STOCKS. Table with columns for Issue, Price, High, Low, Stock, Change, etc. Rows include 1977, 1978, 1979.

“RIGHTS” OFFERS. Table with columns for Issue, Price, High, Low, Stock, Change, etc. Rows include 1977, 1978, 1979.

ACTIVE STOCKS. Table with columns for Stock, Denomina-tion, Closing price (p), Change on day, 1977 high, 1977 low. Rows include BP, GEC, Grand Met., etc.

FT—ACTUARIES SHARE INDICES. These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table with columns for EQUITY GROUPS, GROUPS & SUB-SECTIONS, FIXED INTEREST PRICE INDICES. Rows include CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

BLACK DIAMONDS PENSIONS LIMITED (A company wholly owned by the National Coal Board Pension Funds) The Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED closes at 3p.m. on Monday, 12th December, 1977. Ordinary Shareholders who have not yet accepted and who wish to do so are therefore urged to accept without delay.

This statement has been issued by S. G. Warburg & Co. Ltd. on behalf of Black Diamonds Pension Limited. The Board of Black Diamonds Pension Limited has taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and all the Directors jointly and severally accept responsibility accordingly.

The Property Market

BY JOHN BRENNAN

State rents £180m. by 1980's

By the mid-1980s the Government's office rent bill, now £94m. a year, is expected to top £150m.

Despite relocation of some 31,000 civil servants from Central London over the next ten years, releasing 5m. square feet of offices, rents paid by the Government's property management side—the Property Services Agency—are expected to more than double in the next ten years as historically low cost buildings come due for rent reviews.

Only around 30 per cent. of the 72m. square feet of offices managed by the Agency are

Property Services Agency—the scale of the business	
Estimated value of portfolio	£3,000m plus
Overall staff	49,846
Annual manpower costs	194
Annual building development costs	417
Annual building maintenance costs	319
Land Managed:	Hectares m.
U.K. Civil Estate	2,134
U.K. Defence Estate	264
Overseas Defence Est.	148

directly owned by the Government. The rest are leased, mainly with long rent review periods agreed in the early 1960s and 1960s. Mr. Kenneth Marks, Under Secretary of State for the Environment and the Agents

direct Parliamentary master, dismissed suggestions earlier this week that the high proportion of rented accommodation makes the agency a soft touch and easy prey in the tough commercial operators. To back his argument Mr. Marks revealed that the Government pays an average of just £3.15 a square foot for London offices and only £1.50 a square foot for provincial offices. London offices account for nearly 80 per cent. of accommodation costs.

Developers bailed out of embarrassingly expensive unlet schemes by the agency will manage a discreet smile at Mr. Marks' expense. But even though current average figures for office rents meet the critical point that the Government's rent bill is due to explode as reviews fall due, the agency cannot be accused of ignoring the problem. It has been prevented from tackling it.

Last year, out of a £407m. building programme covering all its Ministry of Defence, Post Office, Foreign Office and civil estate commitments, the agency had just £50m. to spend on new buildings for Government accommodation in Britain. Public sector spending cuts have restricted the agency's budget for developments in Britain to around £50m. until the mid-1980s. The agency is also unable to significantly supplement its development budget with proceeds from the sale of surplus directly owned buildings. Cash from sales is funnelled directly to the Treasury and used merely to extend the agents' cash-

spending limits in the year of sale. The agency is unable to build up a cash reserve, and is therefore unable to make much of its policy decisions to go for freehold rather than leasehold accommodation. On its current budget the agents have little hope of denting the massive and ever-growing rent bill by moving Government staff to Government owned buildings. Agency staff take a philosophical view. Government rents do, after all, end up as landlords' taxable earnings.

In Brief

BRITISH LAND will to-day announce the £12m. sale of its 250,000 square feet Setanta Centre development in Dublin to the Coal Board's pension fund. The sale, near book value, has the immediate effect of cutting British Land's financing costs by a net £50,000 a year. And repayment of £12m. of short term debt brings total repayment or refunding of short term loans by the group to around £22m. since its major refinancing package in September. Setanta, around £4m. of other sales; the £12m. cash received for the sale of its stake in Bridgewater Estates; and the £7.5m. of 15 per cent. Debenture Stock sold after the refinancing agreement, cuts overall debts to around £144m. of which just over £50m. is repayable within five years.

IN a written Parliamentary reply

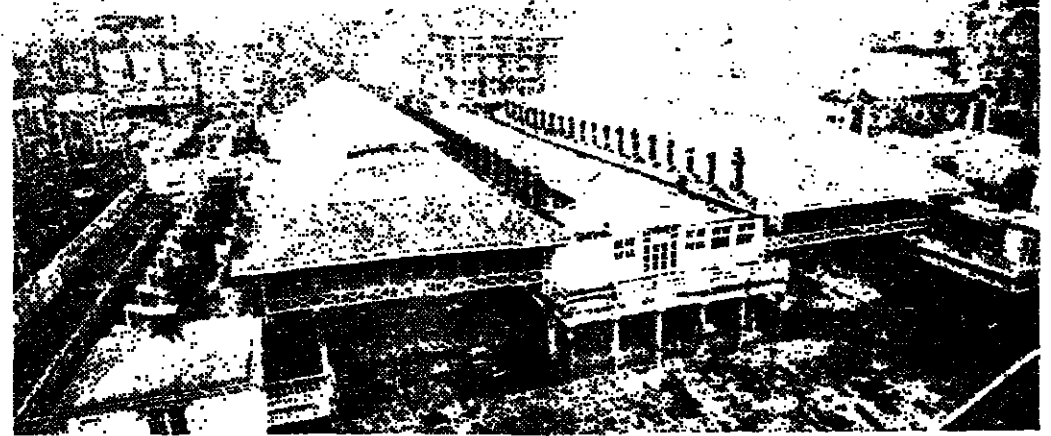
this week the Chancellor revealed that in its first 15 months the Development Land Tax has raised just £13.7m. Only £8.9m. of that has been dealt with directly by the DLT office in Middlesbrough, where there are now 170 staff, 138 of whom are Clerical Officers grade or above.

GEORGE WIMPEY has dropped plans to build the second phase of its £22m. Wingate Centre office scheme in two units. Instead, work starts in January next year on a single 95,300 square foot block that, when completed at the turn of the decade, will be one of the very few modern City of London offices of its size on the market. The demand for large unit City offices persuaded letting agents and project managers Lander Burfield to press for a single building. The agents report that they have already been approached by

space users interested in taking the entire building. Insurance brokers Bain Dawes will move into the first 68,000 square feet phase of the centre next September. The brokers expect to spend over £2m. fitting out "Bain Dawes House," which was formally "topped-out" yesterday. No asking rents have been quoted for the space. But Mr. Stephan Wingate, the initiator of the scheme noted yesterday that, at current rent levels and assuming both phases were completed, he would expect around £12 to £12.50 a square foot. Projecting rents ahead to 1980 will keep the negotiators busy through the winter months.

GUCCI retailers that make Harrods look like Woolworths, could be creating headaches for shop tenants in London's Old Bond Street. Since its £11m. move to 27 Old Bond Street, taking over Grievs' 20,000 square foot Arcade House—Gucci has helped to set a trend for exclusive shops, reviving a previously dull shopping street. Tenants who moved in 18 months ago when prime zone rents ranged from £15 to £20 a square foot now face competition at review time from retailers pressing for space at over £30 a square foot.

Gucci, advised by Goldberg and Co., managed to fund the bulk of its moving costs by selling its old stores, at 172 and 174 New Bond Street, into another strongly rising rental market. The Canadian fashion house, a near freehold 800 square feet at 172, and another fashion group, Robina, paid the equivalent of £50 a square foot for prime front space on a two-year lease for the 600 square foot shop at 174. Even in New Bond Street £30 must be a record rate for shop frontage, although Goldberg report near doubled rents in that area in the past year with space no win demand at £50 to £80 a square foot.



Myton, the Taylor Woodrow group's refurbishment arm, has won a £2m. contract to restore the Covent Garden central market building. The 1830 building was the focus of the fruit, vegetable and flower market before the market's move to Nine Elms in 1974. Now, the Greater London Council plans to restore the 17,120 sq. ft. office suites and 40 small

shops in the building as a central feature of its 100-acre Covent Garden redevelopment. Myton, which took over the contract from an earlier, now financially embarrassed builder, expect to complete the renovation work by the spring of 1980. By that time the GLC may have a clearer idea of who they want to take up the shop and office space.



Elliott House, Victoria, SW1, sold for £1.5m.

Racial Equality to S.W.

A three tier deal this week gives the Commissioners for Racial Equality a headquarters building, releases Watney's from an unused long leasehold, and nets English Property Corporation around £3.5m. cash.

The Commissioners have paid £9 a square foot for the 29,858 square foot Elliott House in Allington Street, Victoria SW1. The letting, arranged by Conrad Riblat, forms the key to a deal between EPC, the building's freeholder, and the brewing group. Watney's have sold out their leasehold interest to EPC—for a reputed £1m. cash—and EPC in turn has sold the complete fully let package, plus four shops, to pension fund clients of Barclays. No details of the investment sale have been released. But it is believed that the letting to the Commissioners hoisted rents for the office and shops to £235,000 a year, and that the pension fund paid around £4.5m., an initial yield of just under 6 per cent. Elliott House forms part of the former Stax Brewery site of purchasers.

Watney Combe Trust, the building, the 7m. sq. ft. Watney House—let last year to the U.S. oil group that formed part of the £20m. investment group by EPC to Tazewell Star 1976.

Middle Eastern investors have paid £2m. for the 12m. sq. ft. black, Avenfield House, 128 Park Lane, W.1. The site at the 104th Street Park Lane includes 17,000 square feet of 6th floor showroom space, Charles who acted for the purchaser and who has advised clients on another 17 property purchases in the few years, but in a mass of overlapping late the building, which is T and C through its purchase in 1977. Michael Laurie and worked with Price & purchasers.

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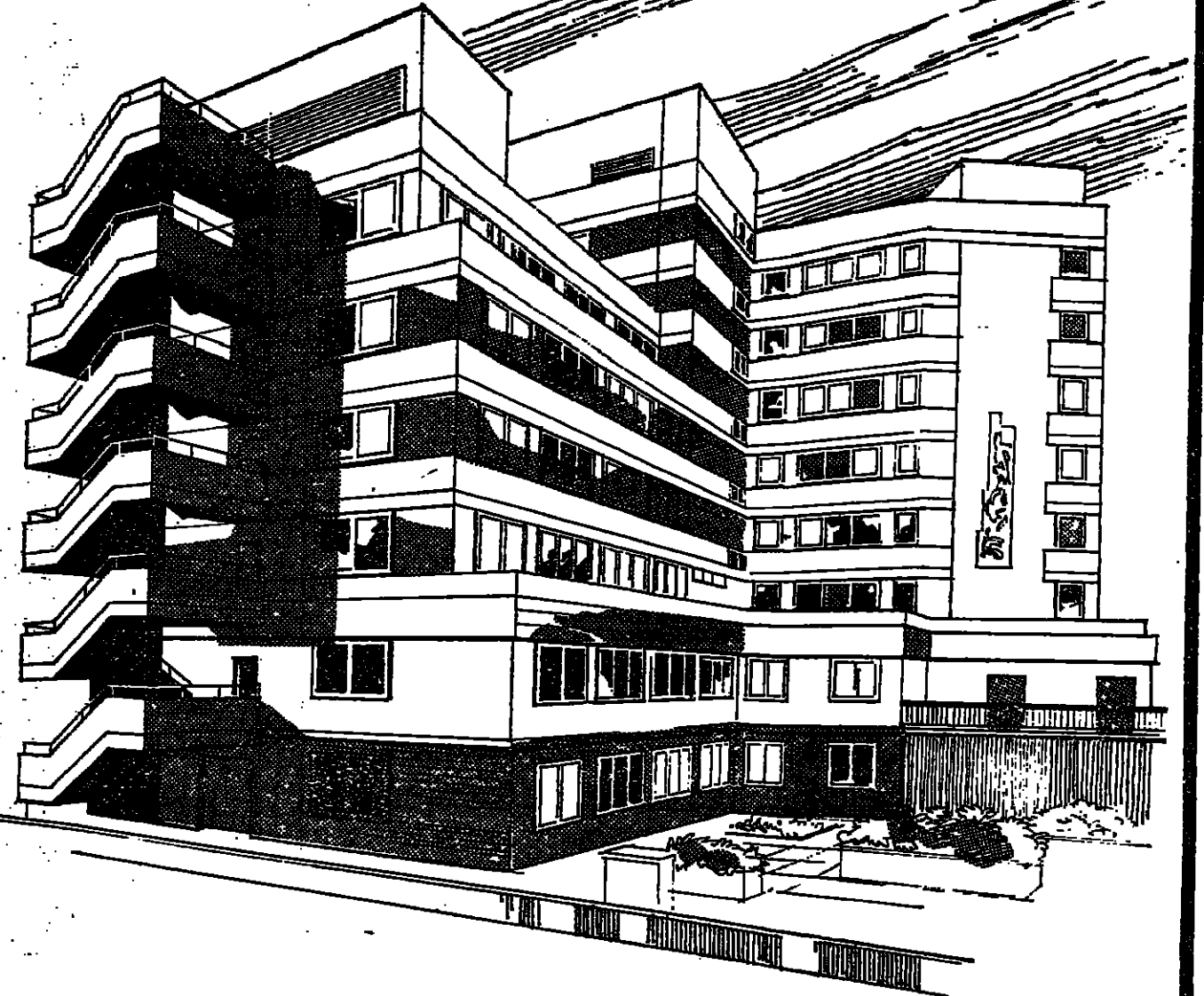
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Table of Authorised Unit Trusts listing various funds such as Abbey Unit Tr. Mgrs. Ltd., Allied Hambro Group, and others, with columns for fund names, managers, and performance metrics.

Table of Offshore and Overseas Funds listing international investment vehicles like Abn-Amro Securities (C.I.) Limited, Fidelity Mgmt. & Rec. (Bda) Ltd., and others, including their managers and details.

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Clive Fixed Interest Capital 130.55
Clive Fixed Interest Income 123.05

CORAL INDEX: Close 481-486

INSURANCE BASE RATES
Property Growth 8 1/2%
Canon Assurance 8 1/2%
Address shown under Insurance and Property Bond Table.

Table of Base Lending Rates listing various banks and their rates, including B.N. Bank, Hill Samuel, and others.

Table of Commodity Price Movements listing prices for various goods like wheat, sugar, and oil, with columns for item names and price changes.

INSURANCE, PROPERTY, BONDS

Large table of Insurance, Property, and Bonds listing various providers like Abbey Life Assurance Co. Ltd., Credit & Commerce Insurance, and others, with details on policies and rates.

NOTES
Please do not include premium, except where indicated. Yield is based on the current price unless otherwise stated. Yield is based on the current price unless otherwise stated.

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FT SHARE INFORMATION SERVICE

HOTELS—Continued

BRITISH FUNDS

Table of British Funds including Treasury, Overseas, and Corporate Loans with columns for High, Low, Stock, Price, Div, and Yield.

AMERICANS—Continued

Table of American Stocks including Ford, General Motors, and IBM with columns for High, Low, Stock, Price, Div, and Yield.

BUILDING INDUSTRY—Cont.

Table of Building Industry Stocks including Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease.

DRAPERY AND STORES—Cont.

Table of Drapery and Stores Stocks including Debenhams, Debenhams, and Debenhams.

ENGINEERING—Continued

Table of Engineering Stocks including Balfour Beatty, Balfour Beatty, and Balfour Beatty.

CANADIANS

Table of Canadian Stocks including Alcan, Alcan, and Alcan.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase Stocks including Bank of Montreal, Bank of Montreal, and Bank of Montreal.

ELECTRICAL AND RADIO

Table of Electrical and Radio Stocks including Philips, Philips, and Philips.

INDUSTRIALS (Misc.)

Table of Industrial Stocks including various companies across different sectors.

INTERNATIONAL BANK

Table of International Bank Stocks including various international banks.

CORPORATION LOANS

Table of Corporation Loans including various corporate loan schemes.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans including various loan schemes.

LOANS

Table of Loans including various loan products.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails including various international bonds.

AMERICANS

Table of American Stocks including various US companies.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase Stocks including various banks.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics Stocks including various chemical companies.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits Stocks including various beverage companies.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV Stocks including various entertainment companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads Stocks including various construction companies.

DRAPERY AND STORES

Table of Drapery and Stores Stocks including various retail companies.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools Stocks including various engineering companies.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. Stocks including various food and grocery companies.

DRAPERY AND STORES

Table of Drapery and Stores Stocks including various retail companies.

HOTELS AND CATERERS

Table of Hotels and Caterers Stocks including various hospitality companies.

Handwritten signature or mark at the bottom center of the page.

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

Table of Industrial stocks including companies like ICI, British Petroleum, and various engineering firms.

Table of Insurance companies such as Royal Indemnity, Commercial Union, and others.

Table of Property-related stocks and companies.

Table of Investment Trusts including various funds and trusts.

Table of Finance and Land-related stocks and companies.

NOMURA The Nomura Securities Co., Ltd. Japan's leader in international securities and investment banking.

MINES—Continued

Table of Central African mines including Anglo American, De Beers, etc.

Table of Australian mines including BHP, Anglo Coal, etc.

Table of Tins including Anglo Tin, etc.

Table of Overseas Traders including various international trading companies.

Table of Copper and Miscellaneous metals.

Table of Rubber and Sisals.

Table of Teas including various tea brands.

Table of Sri Lanka and Africa related stocks.

Table of Mines including various mining operations.

Table of Far West Rand including various mining companies.

Table of O.F.S. (Overseas Finance and Securities).

Table of Finance and Land related stocks.

Table of Diamond and Platinum related stocks.

Table of Regional Markets including various regional indices.

Table of Options and 3-month Call Rates.

Table of Recent Issues and Rights.

Notes section providing additional information and disclaimers.

Table of Insurance companies (continued).

Table of Property-related stocks (continued).

Table of Investment Trusts (continued).

Table of Finance and Land related stocks (continued).

Table of Far West Rand (continued).

Regional Markets section with introductory text.

Options and 3-month Call Rates section with introductory text.

Recent Issues and Rights section with introductory text.

Notes section with introductory text.

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BELL'S SCOTCH WHISKY
After ye go

Tribunal on Crown Agents promised

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT has bowed to the will of the Commons and agreed to set up a public tribunal into the Crown Agents scandal—a decision which means, in effect, that witnesses will be immune from future criminal proceedings.

The establishment of a tribunal under the 1921 Act of Parliament, was announced by MPs yesterday by the Prime Minister after Monday's crushing rejection by the Commons of a private inquiry to follow up the Fay report.

Mr Callaghan explained that it was the problem of subsequent immunity, as well as the need to protect the innocent, which had led the Government to opt originally for secret hearings to determine individual blame for the losses of £123m registered by the agents between 1968 and 1974.

Mr Callaghan said: "The tribunal must identify those responsible for these deplorable events." He stressed, however, that it should also aim to safeguard witnesses from public allegations which could easily prove unfounded.

The move was welcomed by both Mrs Margaret Thatcher, Conservative leader, and Mr David Steel, the Liberal leader.

The tribunal will be empowered to compel witnesses to appear and give evidence—not only from the Treasury, the Bank of England and other Whitehall departments involved, but also individuals from private companies who had refused to testify to the Fay committee.

However, many MPs were taken aback by the revelation that the open hearings they had pressed for so vigorously—to get to the bottom of the agents' ruminations in property and fringe banking—would imply widespread immunity from criminal charges and possibly affect civil proceedings also.

Mr Callaghan said this fact simply had to be accepted.

Assad seeks Saudi help against Sadat

BY OUR FOREIGN STAFF

THE DIVIDED Arab world was the scene of intense diplomatic activity yesterday ahead of the crucial visit to the Middle East of the U.S. Secretary of State, Mr Cyrus Vance.

President Assad of Syria, who remains deeply opposed to President Sadat's visit to Jerusalem, was in Riyadh to seek the support of Saudi Arabia. King Hussein of Jordan who has been trying to mediate between Egypt and Syria, where he was on Wednesday, was holding talks in Cairo and was expected to go on later to Riyadh.

In Cairo, Mr Sadat, in a speech to an enormous crowd, poured scorn on his Arab and Communist opponents, calling them "imposters and dwarfs". He seemed determined to press on with the Cairo conference, which is to be attended so far only by representatives of Egypt, Israel, the U.S. and the UN.

Saudi Arabia, whose political and financial support for both Egypt and Syria is vital, yesterday, through an unidentified prince, believed to be Crown Prince Fahd, was urged to support the Beirut magazine, al-Hawass. He was reported to be criticising both President Sadat for his visit to Israel and his critics for the damage they had done to Arab unity.

Michael Tingay reports from Damascus: President Assad went to Riyadh to launch a diplomatic offensive in the Arab world to counter plans of President Sadat. He is due in Kuwait to-morrow and other Gulf states thereafter.

He is believed to be seeking, in particular, commitments to oppose partial unilateral settlements with Israel.

Having created the "anti-Sadat" front, consisting of Syria, the Palestine Liberation

Pledges

When Mr. Vance comes to Damascus, where he is due next Monday, Mr. Assad will explain to him the Syrian position from "as strong a position as possible". Mr. Assad is likely to ask Mr. Vance that the U.S. should stick to its previous commitments, including those made by President Carter to Mr. Assad when they met in Geneva last year—that is, to make efforts to hold a Geneva peace conference sponsored by the two super powers and the United Nations, with a unified Arab delegation including Palestinian delegates, to discuss a global solution with Israel.

Roger Matthews writes from Cairo: King Hussein, who arrived here yesterday on the second leg of his Middle East trip, was met at the airport by President Sadat, who shortly before had told a cheering rally in the centre of the city that Egypt was seeking peace based on justice that would lead to prosperity, security and a better future for everyone.

Mr. Sadat is said to be quite happy to have only Israel and the U.S. present at the start of the Cairo conference, with the UN sending an observer.

David Lennon writes from Cairo: The Egyptian will hold talks on substantive issues in private, away from the glare of publicity expected to be focussed on their delegations when they meet in Cairo.

Tories call emergency debate on Polish ships

BY RUPERT CORNWELL

THE CONSERVATIVES have initiated a special Commons debate on Monday to make a full-scale attack on the Government's handling of the controversial £115m. Polish shipping order and deficit financial details.

At the same time the party's front bench industry team, led by Sir Keith Joseph, has taken the rare step of endorsing a back-bench motion urging ministers "in the interest of open government" to reveal what subsidies have been offered to the Poles.

The Government's refusal to provide further information yesterday provoked furious exchanges in the Commons between Mr. James Callaghan, Prime Minister, and Mrs. Margaret Thatcher, Conservative leader, who fruitlessly demanded what proportion of the purchase price was "being met by the British taxpayer".

Mr. Callaghan retorted that the Tories would have their opportunity on Monday—adding,

Electric brain

A £1m. COMPUTER to monitor and control distribution of electricity has been installed at the North West Region of the Central Electricity Generating Board, at Bramhall, Cheshire.

Nine to be asked to back plan for agriculture

BY MARGARET VAN HATTEM

BRUSSELS, Dec. 8.

THE EUROPEAN Commission will ask Common Market Governments to approve a major package of proposals costing an estimated 360m. units of account from next year, to help Mediterranean agricultural producers.

The proposals, part of the Commission's annual farm price review, are designed largely to help restructure those parts of European agriculture likely to suffer most from Greece, Spain and Portugal joining the EEC.

They include comparatively little in the way of direct price support.

The most controversial of the measures is a proposed minimum guaranteed price for wine—a major concession to France in that it would counter competition from cheaper Italian wines.

The measure is believed to be part of a trade-off in which Italy would be the major beneficiary under a proposed five-year structural investment scheme, costing about 200m. units of account a year.

Mr. Finn Olav Gundelach, the EEC Commissioner for Agriculture, met Mr. Giovanni Marcora, the Italian Agriculture Minister, last week.

The Italians are believed to be prepared to accept the deal.

The Commission will also present proposals to-morrow for an average 1.8 per cent. rise in institutional farm prices for 1978-79.

Translated into national currencies, this represents an average 0.5 per cent. rise in retail food prices and a 0.1 per cent. rise in the cost of living.

The proposals allow for a modest reduction in monetary compensatory amounts which would raise the offer to U.K. farmers to 5.05 per cent—the largest rise—and a 0.6 per cent. rise—the lowest—to German producers.

Other rises include: France 3.7 per cent, Italy 3.84 per cent, Ireland 2.09 per cent.

The price proposals indicate a tougher attitude towards Northern European producers and their notorious surpluses.

The intervention price for milk would rise by 2 per cent, but the 1.5 per cent. co-responsibility levy on milk production would continue.

A 3.6 per cent. drop in the intervention price for durum wheat is proposed, with 1.26 per cent. rise for barley and common wheat.

A 1.25 per cent. rise is proposed for beef and 3 per cent. for pork.

For Mediterranean products included in the price package the Commission suggests a 2 per cent. rise for fruit and vegetable intervention scheme, cost of 100m. units of account.

The Mediterranean package includes proposals for a major irrigation programme in southern Italy; electricity, drinking water and road construction schemes in Italy and France; grants for forestry and product marketing, and processing schemes in both countries.

The rest of the package, which is estimated at 160m. units of account a year, would include increased subsidies to olive oil producers (40m. units of account), a system of subsidies to fruit and vegetable processors, conditional on their paying a guaranteed price to producers (130m. units of account) and to producers of peas and beans for animal feed.

Callaghan backs TV attack on Front

By Philip Rawsthorne

MR. JAMES CALLAGHAN yesterday vigorously defended in the Commons the Labour Party's controversial party political broadcast on the National Front on Wednesday night.

Opposition to racialism must be total," he told MPs. The issue could not be dealt with by carefully weighed electoral considerations or ambiguous phrases.

The Prime Minister was replying to Mr. Alex Lyon, Labour MP for York, who had called on him for a message of congratulation on the "long overdue forthright attack on the National Front."

Mr. Lyon said the broadcast had been marred only by the fact that the BBC had insisted on cutting references to the National Front's certain National Front leaders.

Labour Party opinion yesterday was overwhelmingly in praise of the hard-hitting attack on the National Front.

Transport House officials said the telephone calls from the public had been almost unanimous in their support for the programme, which compared the National Front's policies to the "repulsive traditions" of Fascists like Hitler and Mussolini.

Mr. Neil Kinnock, Labour MP for Bedwelly, tabled a Commons motion "warmly commending the broadcast."

The motion says: "The day has arrived in Britain when the silence of democrats assists the National Front more than the publicity which results from attacking them."

Rejected

Mr. Ron Hayward, Labour Party General Secretary, said: "There will be no complaints and no knuckles will be rapped. It was excellent. It set out to expose the National Front and that is what it did."

National Front leaders said yesterday that they would write to the BBC and the IBA demanding a right of reply. But they recognised that, because of the agreement which allocates television time only to those parties with MPs, they were unlikely to be given any airtime.

A BBC spokesman confirmed that the request for a right of reply would be rejected.

Mr. Richard Verrill, a National Front spokesman, said: "The programme was just part of the Labour Party's squalid anti-National Front campaign of lies and propaganda and as such we should be able to answer it."

Mr. Nicholas Winterston, Tory MP for Macclesfield, said he would be questioning Mr. Callaghan about the way in which interviews for the programme were obtained in London's East End.

"Although I regard the National Front as despicable it is equally monstrous that interviews should be gained in this way," he said.

Parliament and News Analysis, Page 14

Gap narrowing on European voting

BY RICHARD EVANS, LOBBY EDITOR

THE CRUCIAL Commons vote on the method of election to the European Parliament could be much closer than expected after intense campaigning by Government Whips in favour of the regional list system of proportional representation.

Although there is a free vote on the issue, the "payroll" vote of around 100 Ministers seems to have swung over in favour of PR, partly to give support to Mr. David Steel, the Liberal leader, and to maintain the Lib-Lab pact.

Even so, the prospect remains of a victory for the Westminster system of first-past-the-post and therefore the inevitable failure to meet the target date of next May or June for the elections.

Support for the simple House, which will come largely from the Conservative Party and one well-informed estimate is that the Tory vote will divide two to one against PR.

The Government delayed consideration of the European Assembly Elections Bill for 10 days in order to give time for more Labour MPs to see the tactical sense of voting for PR, and the plan appears to have worked.

There is now every prospect that a sufficient number of Labour MPs will vote for PR to head off the Liberal Party threat to consider the future of the pact should the regional list system be lost because of lack of Labour support.

The special assembly held in such circumstances would be likely to call for an end to the pact and place Mr. Steel, who believes it would be foolish to end the pact on such an issue, in an exposed position as party leader.

The Commons will continue the Committee stage of the Bill on Monday evening, when Mr. Michael Foot, leader of the majority system, will propose that Clause Three which deals with the method of election should be brought forward for debate so that a decision can be taken before the Christmas recess.

If this motion is successful, Clause Three will be debated next Tuesday and the vote taken late at night.

Continued from Page 1

Dollar talks

propensity to invest to rationalise at home while investing for export overseas.

This, Dr. Emminger noted, would make the West German economic swing still harder to achieve.

Michael Blanden writes: The dollar slipped a little against most leading currencies after the continued decline earlier in the week.

The main exception was the pound, which rose sharply on the news of the National Union of Mineworkers vote to reach a best level \$1380.

The improvement was short-lived, however, and by the close sterling came back to show a gain of only 5 points at \$1,870.

The pound's trade weighted index against a basket of other currencies rose to 63.3 against 63.1.

This partly reflected the improvement in the dollar elsewhere, with the value of the U.S. currency against the D-Mark rising to DM2.1775.

Weather

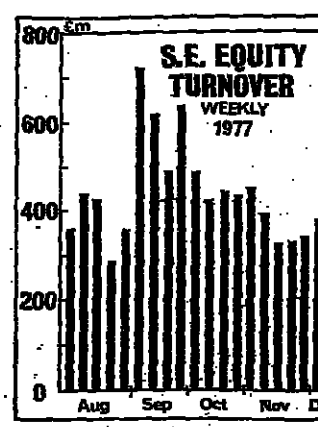
U.K. TO-DAY	
SHOWERS and rain with sunny intervals in Central and East England.	
London, S.E. England, E. Anglia, Cent. S. England, Midlands E., E. England, Midlands W., Channel Is., N.W. England, Cent. N. England.	Fog patches early. Sunny intervals and some showers. Max. 7C (45F).
BUSINESS CENTRES	
Y day	M day
Amsterdam C 10 25	London C 11 25
Brussels C 10 25	Madrid F 10 28
Bombay C 10 25	Manila F 10 28
Buenos Aires C 10 25	Melbourne C 21 21
Cairo C 10 25	Mexico C 22 24
Hankow C 10 25	Montreal C 19 19
Hong Kong C 10 25	Moscow C 22 24
London C 10 25	New York C 22 24
Lyons C 10 25	Osaka C 22 24
Paris C 10 25	Perth C 22 24
Prague C 10 25	Rangoon C 22 24
Stockholm C 10 25	Sydney C 22 24
Tokyo C 10 25	Toronto C 22 24
Warsaw C 10 25	Wellington C 22 24
Yokohama C 10 25	Zurich F 10 30

OUTLOOK: Bright intervals.

HOLIDAY RESORTS	
Y day	M day
Algeria C 10 25	Amman C 10 25
Antwerp C 10 25	Athens C 10 25
Batavia C 10 25	Bombay C 10 25
Bombay C 10 25	Buenos Aires C 10 25
Buenos Aires C 10 25	Cairo C 10 25
Cairo C 10 25	Colon C 10 25
Colon C 10 25	Hankow C 10 25
Hankow C 10 25	Hong Kong C 10 25
Hong Kong C 10 25	London C 10 25
London C 10 25	Lyons C 10 25
Lyons C 10 25	Manila C 10 25
Manila C 10 25	Mexico C 10 25
Mexico C 10 25	Montreal C 10 25
Montreal C 10 25	Moscow C 10 25
Moscow C 10 25	New York C 10 25
New York C 10 25	Osaka C 10 25
Osaka C 10 25	Perth C 10 25
Perth C 10 25	Rangoon C 10 25
Rangoon C 10 25	Sydney C 10 25
Sydney C 10 25	Toronto C 10 25
Toronto C 10 25	Wellington C 10 25
Wellington C 10 25	Zurich C 10 25

THE LEX COLUMN Lyons' recovery brews slowly

THE half-year message from J. Lyons is that although the group is moving broadly in the right direction, profitability is not going to improve as quickly as at one time had been hoped. Interim profits are up from £4.6m. to £6.6m. pre-tax; within this, a downturn of £1.2m. on ice cream and soft drinks has been roughly offset by an upswing on the tea and coffee side, while the disappearance of profits from businesses which have been sold over the year is compensated for by the absence of exceptional charges (£1.7m. last time).



With UDT hobbling along in the shadows, NatWest's Lombard North Central has now donned the mantle as the U.K.'s biggest finance house, but not the most profitable. At the half way stage pre-tax profits were down by close to a fifth, but the subsequent decline in interest rates led to a sharp fall in the cost of funds in the second six months—and a marked improvement in the profitability of its fixed rate lending, which accounts for over three-quarters of the total. Consequently, second half profits are nearly doubled and for the year as a whole pre-tax profits are 38 per cent. higher at £11.7m.

For a clearing bank the beauty of a finance house subsidiary is that its profits should be bounding ahead when the parents are stagnating. But some of them are failing to achieve their full potential because of their earlier misadventures in the property market. Back in 1973 Lombard North Central made £19.2m., since when its assets have risen by around 60 per cent. Clearly there is plenty of recovery potential.

Crane Fruehauf
 Fears that the victorious Fruehauf Corporation will not go along with projected year-end balance sheet valuation, seem to lie behind the Crane Fruehauf Board's attempt to shed responsibility for the pre-tax profit forecast for 1977 ending in three weeks time. For instance, stocks Nigeria could have been worth significantly more under its 1976 banner than under Fruehauf's. Last night Crane directors were protesting at the swift criticism on Wednesday from the Takeover Panel, which refused to allow the company to repudiate its responsibility. The Panel insisted that the implications of the change of control be fully covered in the original assumptions underlying the forecast. If bid-time forecasts could be so swiftly abandoned, they would rapidly lose their high income credibility.

London & Northern

At a morning meeting yesterday London and Northern explained to a party of still aggrieved institutional shareholders why it had slashed its interim dividend by 36 per cent. Larger retentions were required, it was stated, to meet the capital requirements of the group. The associate Paulitges needs high retentions to help finance £100m. plus of work while there is pressure on Bardolin, still a sizeable loss-maker, and United Scrap (half-time profits down £1m.). Arguably the cut should have been made at least two years ago, which is why the institution are annoyed for they have been buying for the yield in the meantime. But high income

GUS

As so often before, the small order side has helped to power GUS through a generally unexciting period, and the group's pre-tax profits are 15 per cent. higher after six months at £5.5m. at the top end of the market's range of expectations. U.K. profit order saw strong demand and benefited from some reduction in double running costs after the completion of the first stage of the Marlband warehouse. Elsewhere at home the manufacturing side performed reasonably well as did footwear retailing and the cheaper end of the furniture division, but Times Furniture and the menswear chains had a sticky time. Meanwhile

To the Ordinary Shareholders of
THE BRITISH INVESTMENT TRUST
 Limited

The offer from NCBPF is neither generous nor attractive and is a blatant attempt to buy your Company far too cheaply

- ★ It ignores £17 million of your assets in B.I.T.
- ★ NCBPF's much advertised minimum price of 165p per share has never been more than 2 1/2% above the estimated formula value of the Offer and on some days it has been below
- ★ On 7th December the estimated formula value of the Offer was **164.4p** per share only
- ★ On 7th December the estimated going concern value of B.I.T. was **191.9p** per share

Your Directors will not be accepting the Offer for their own beneficial shareholding.

YOU TOO SHOULD REJECT THE OFFER

DO NOT BE PRESSURED INTO ACCEPTING IT

This statement has been issued by Robert Fleming & Co. Limited on behalf of the British Investment Trust Limited. 7th December, 1977. It is the latest, authoritative, and definitive publication of this statement. A duly appointed committee of the Board of the British Investment Trust Limited has given its unanimous and severe acceptance responsibility accordingly.

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Promise to firemen

of other workers. It also hoped that negotiations would continue over on the reduction of the 48-hour week.

If a shorter week were to be introduced without loss of pay, it would have to be on the basis of more productive working formulae which permitted a more cost-effective use of time not spent in fire-fighting.

He argued that such an agreement, although not giving firemen all they wanted immediately, would provide a sound means of settling proper remuneration for many years to come and an assured basis for pay in the longer term.

It is the view of the Government that the 10 per cent. increase already on offer, coupled with agreement on a future pay formula guaranteed by the Government, and the prospect of a shorter working week to be spent in fire-fighting, would provide an honourable basis for settling the damaging dispute.

Mr. William Whitelaw, shadow Home Secretary, urged that in return for a long-term agreement the firemen should be asked to sign a "no strike" undertaking similar to that for police and other public safety services. He thought that the introduction of this issue would lose all hope of an early settlement.

Pauline Clark, writes Leaders of the Fire Brigades Union were in touch with local authority employers last night on the proposals. The employers are meeting to-day when the executive of the FBU is also expected to reconvene.

Handwritten signature: J. K. S. A.